

WHAT HAS THE ROLE OF PLANNING BEEN IN THE ECONOMIC DEVELOPMENT OF NEWCASTLE?

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Planning

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Abstract

WHAT HAS THE ROLE OF PLANNING BEEN IN THE ECONOMIC DEVELOPMENT OF NEWCASTLE?

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This Dissertation discusses the economic development of Newcastle, once a growth point that enjoyed the influx of manufacturing firms due to Regional Industrial Decentralisation Policy and initiatives by the Newcastle Municipality. During the apartheid era planning was a top down approach and was the responsibility of the national government which meant that the local municipalities had to follow in their direction. The beginning of the 1990's marked the end of policies that afforded incentives to industries in selected regions and this proved to be detrimental to growth points that had previously relied on those incentives to keep industries alive. Newcastle is a significant case as it is an example of a previous growth point that managed to continue experiencing growth. Not only did Newcastle experience growth but it was able to diversify its economy numerous times. This analysis shows the different contributors to the economic development and diversification of the economy and also investigates if planning from the Newcastle Municipality have a role to play in it or not. I did an investigation into regional development documents developed by national government as well as documents produced by the Newcastle Local Municipality in order to see what the impact of planning was on economic development. As a primary source of information I interviewed 11 people that consisted of manufacturing firms, retail stores, Newcastle Municipality officials and a government agency.

What I have discovered is that although the planning from the Newcastle municipality was not the reason for initial growth in the town it did have an impact in facilitating an environment that was conducive to sustaining, the growth that the economy and market conditions allowed for. The case of Newcastle has proved to be an important one that can be used to adopt generalizations to planning theory. The lessons learnt from the case has allowed me to produce recommendations that can be applied to towns that have experienced similar events with regards to reliance on a single industry and on incentives provided for through policy.

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Acronyms

AGOA	African Growth And Opportunities Act	MP	Member Of Parliament
CBD	Central Business District	NP	Nationalist Party
DBN	Durban	NM	Newcastle Municipality
DPLG	Department Of Provincial And Local Government	NEMF	Newcastle Environmental Management Framework
ESDR	Eastern Service Delivery Region	NDP	National Development Plan
FET	Further Education Training	NPPD	National Physical Development Plan
GDP	Gross Domestic Product	POE	Panel Of Experts
GP	Gauteng Province	PWV	Pretoria Witwatersrand Vereeniging
GGP	Gross Geographic Product	PPURA	Physical Planning And Utilisation Of Resource Act
GVA	Gross Value Added	RDS	Regional Development Strategy
ID	Industrial Decentralisation	RIDP	Regional Industrial Decentralisation Policy
IDP	Integrated Development Plan	SACAA	South African Civil Aviation Authority
IDZ	Industrial Development Zone	SATBVC	South Africa Transkei Bophuthatswana Venda Ciskei
ISTP	Informal Street/Trader Policy	SEDA	Small Enterprise Development Agency
JBC	Johnstown Blaauwbosch Cavan	SDI	Spatial Development Initiative
JHB	Johannesburg	SDF	Spatial Development Framework
JSE	Johannesburg Stock Exchange	SDC	Service Delivery Centre
KZN	Kwa-Zulu Natal	SDR	Service Delivery Region
LED	Local Economic Development	SIPS	Strategic Integrated Projects
LUMS	Land Use Management System	SMME	Small Micro And Medium Enterprises
MSA	Municipal Systems Act	UP	Union Party
MBO	Madadeni Blaauwbosch Osizweni	WSDR	Western Spatial Delivery Region
MDP	Manufacturing Development Programme		

Chapter 1: INTRODUCTION

1. Introduction

This chapter will provide an introduction to the dissertation. I will briefly provide some background to the case study as well as show some indication of the importance of the case study to regional development and briefly explain the research problem. I will also provide the organisation of this dissertation.

2. Research Problem

Regional economic development is the sustained, determined actions of government and communities that promote the standard of living and economic health of a specific area (Sen, 1983). Economic development conducted through mechanisms such as policy and other means can afford a town the opportunity to prosper within a region and become a town that competes with other cities or growing centres.

The main research question of this dissertation is *‘What has the role of planning been in the economic development of Newcastle?’* In order to answer this question it will entail having to conduct an investigation of the planning mechanisms that were implemented at a national level by the apartheid government. These mechanisms have proven to be very influential in the development of towns, both positively and negatively. An investigation will also be done into planning documents from the Newcastle Municipality (NM) that have been developed after the planning powers were afforded to local municipalities by the Municipal Systems Act of 2000. Answering the main research question also requires looking through documents dating back to the 1950’s and 1960’s in order to identify significant economic shifts or influences in Newcastle’s development. This dissertation seeks to answer the main research question and relay where the case of Newcastle fits into regional theory.

Many theorists have argued that growth poles do not become successful for the reason that when the incentives attached to them are removed they fail. This is the underlying problem for my dissertation. I will seek to find out what caused the initial economic growth of Newcastle and what it was that allowed the town to continue in growth despite the removal of incentives. My interest is the investigation on whether municipal planning can prevent the economic collapse of growth poles. This is what I intend to find out in the case of Newcastle. The outcome from this research will be the knowledge of what the cause of economic growth was for Newcastle and whether or not municipal planning had anything to do with it. Recommendations for ways local government can combat the economic decline of towns

will be offered based on the knowledge gained from the case study. The contribution of the case of Newcastle will also be discussed

3. Background to case study

National spatial policy in South Africa has been used to achieve a variety of things in the past and has shaped the spatial economy of South Africa. Regional Industrial Decentralisation Policy (RIDP) in South Africa was a tool used for the regional development. At the façade of RIDP, economic development was at the forefront however before and during the apartheid era it was unofficially used as a tool to keep African black people away from white areas (metropolitan/urban centres) in South Africa. These policies ended up being very influential when it came to towns such as Newcastle. The locational advantage of Newcastle coupled with the existing resource and mining potential, the introduction of Iscor (a metals manufacturer), and the RIDP gave rise to the rapid economic growth and development in Newcastle.

Newcastle is located in the North West of Kwa-Zulu Natal and is the 3rd largest city in Kwa-Zulu Natal (KZN) after Pietermaritzburg and Durban. It is located within the Amajuba District which comprises of three local municipalities namely: Dannhauser, eMadlangeni and NM. Newcastle is currently the heart of the Amajuba District (*See Map 1*). Newcastle, which was not always the 3rd largest economic contributing town in KZN, has enjoyed economic growth through the popularity of the town and its ability to outcompete the surrounding towns, notably Ladysmith (another selected growth point). Newcastle was a town that was widely known solely for its strong manufacturing base that was kick-started by the operation of Iscor. Later Newcastle experienced several rounds of economic restructuring and over the years has become known for more than just manufacturing as the economy has become diverse. National policy shifts affected other nationally selected growth points differently to Newcastle because of factors such as municipal intervention, market forces and locational advantages. This makes Newcastle a significant case to research about.

‘Planning’ in the context of my research is not only concerned with local land use planning but also with national and regional (municipal) planning with components of Local Economic Development (LED) and resource allocation included too. Planning, in this context, does not just include the work done by the Urban Planners but also by different professionals in different departments that conform to forward planning principles when dealing with economic development.

This dissertation is organised as follows:

Chapter 2 of this dissertation is the literature review. It locates the approaches to regional policy within the international and South African context of regional policy and planning debates. The chapter speaks to the planning theories that the case of Newcastle tests. The theories are growth pole theory which

was initially developed by Francois Perroux and later had many contributors to it. It shows the debates around the growth pole theory and the discussion around their effectiveness and need. This chapter also discusses the theory of Local Economic Development as well as regional planning theory.

Chapter 3 is the discussion of the case study method and the reasons as to why it is the most suitable option for answering the main research question. It also discusses the way in which I conducted my research, the reasons for interviews as well as the logic underlying the overall research design. In this chapter I provide the reasons behind the selection of the case of Newcastle as well as provide the questions that were posed to the respondents as a primary source.

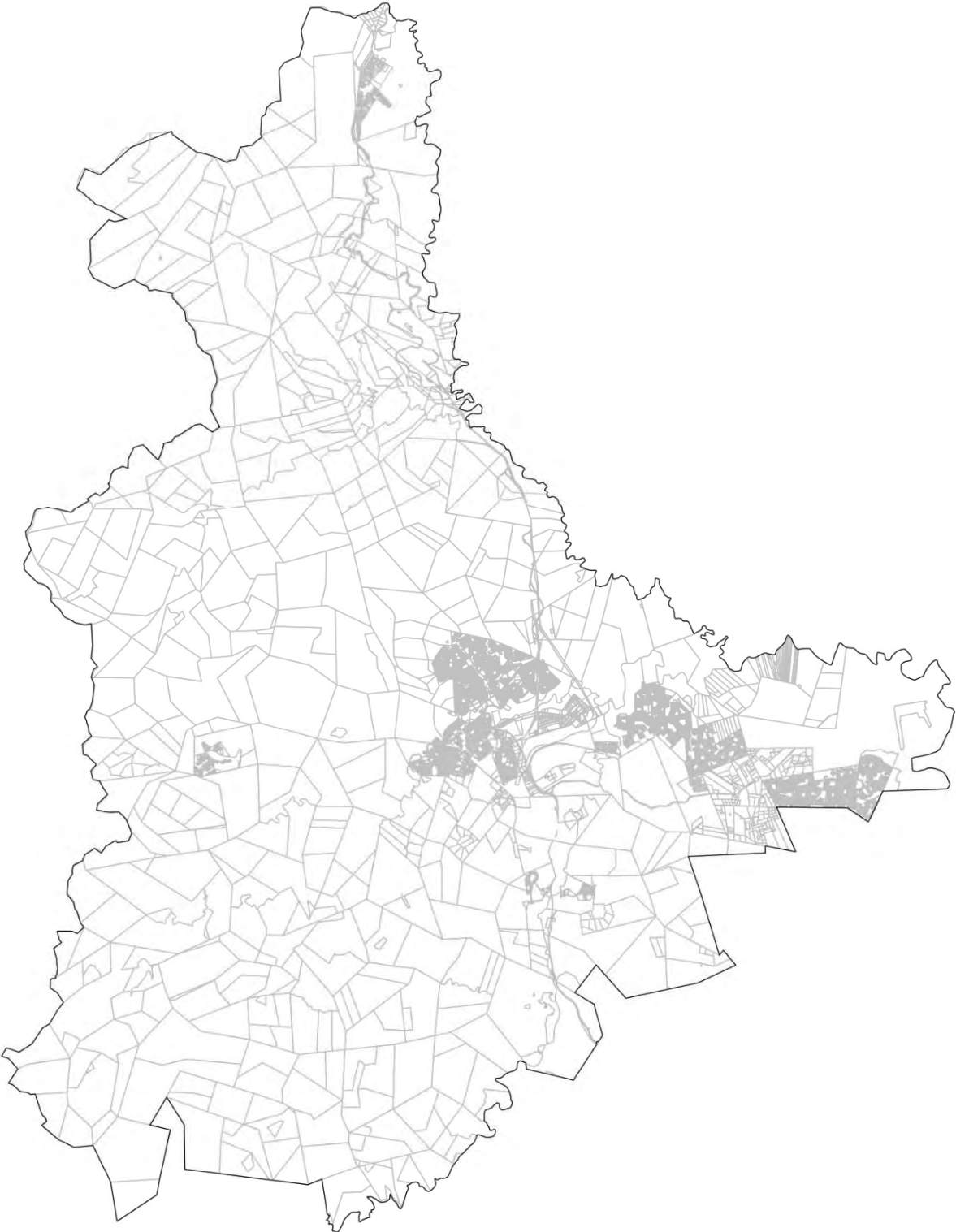
Chapter 4 provides an overview of the South African regional development policies that had an impact on Newcastle. It describes the national policies that were used as a tool for regional development. It outlines the incentive packages that were afforded to industrialist and the regions that could enjoy this encouragement from national government to establish industries. The chapter also discusses the policies that were implemented after 1994 and after 2000 when municipalities were given planning powers for their regions. This chapter not only informs on policies but shows the difference in approaches made by the apartheid government and the new democratic government.

Chapter 5 is a chronological description of the important shifts in the economic development of Newcastle. It provides a description of the decisions made by national and local entities that shaped the outcome of Newcastle's development. It also provides economic data and indices that have contributed to the economic development of Newcastle and the change that Newcastle has experienced particularly from the 1960's to the present day.

Chapter 6 provides the findings from the empirical research and examines the municipal planning documents that were developed post 2000 and seeks to provide what the impact of those documents have been to the economic development of Newcastle. This chapter also provides the findings from the interviews that were conducted from manufacturing firms, retail stores and government agencies.

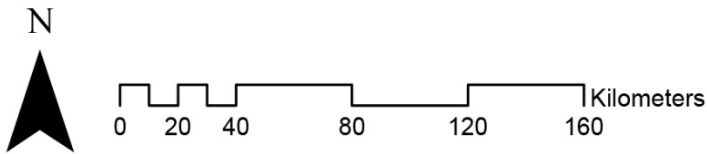
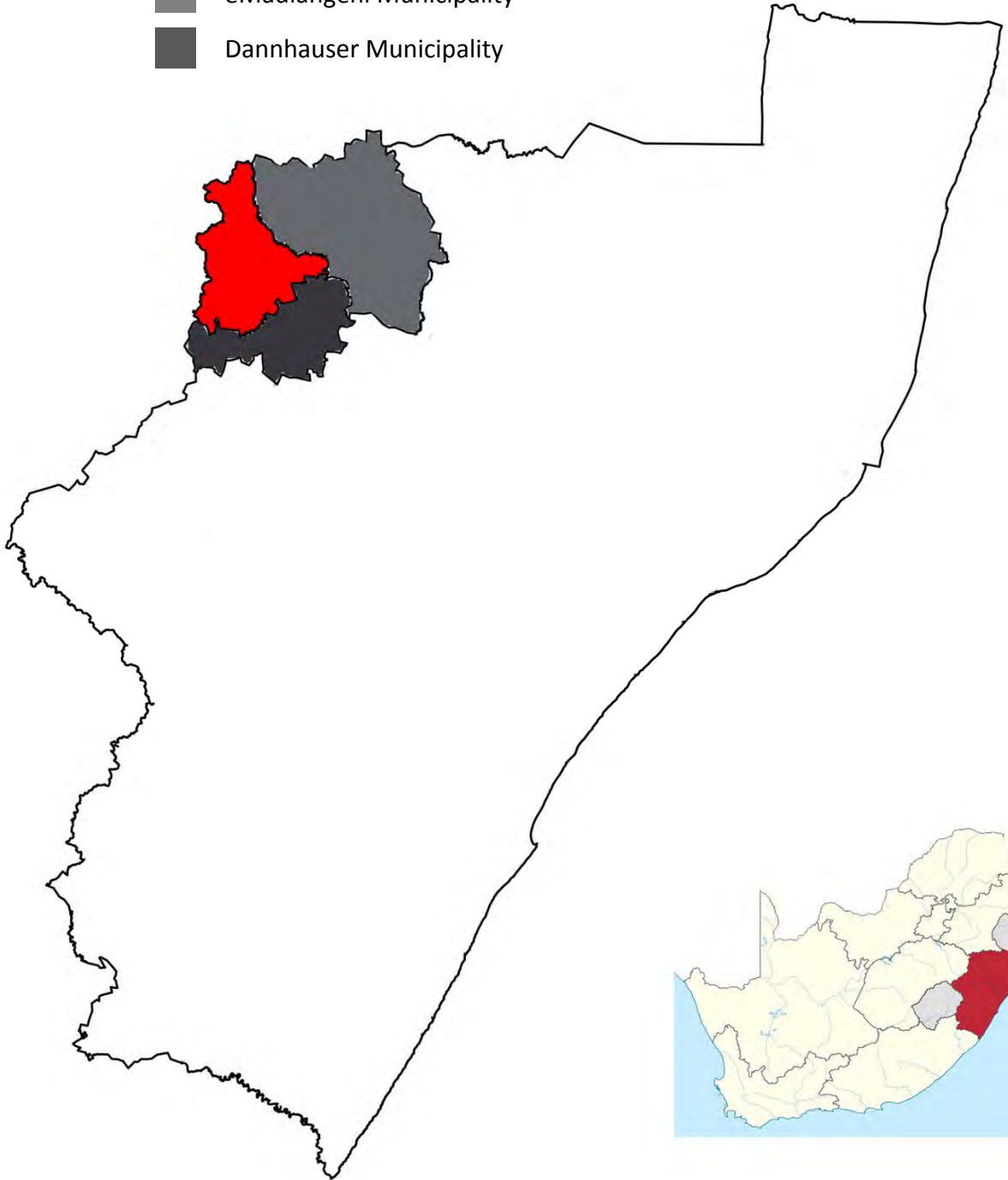
Chapter 7 is the concluding chapter which presents the main findings of this dissertation. The discussion in this chapter seeks to make sense of all the information in the dissertation and reiterates the analysis of the findings. In this chapter are recommendations that are derived from the case of Newcastle. I conclude this chapter with the reflections of the case study and share the lessons learned from the case of Newcastle.

Map 1: Contextual Maps
Newcastle Local Municipality



Amajuba District in Kwa-Zulu Natal

- Newcastle Municipality
- eMadlangeni Municipality
- Dannhauser Municipality



KZN in South Africa

Chapter 2: LITERATURE REVIEW

1. Introduction

In this chapter I describe important debates, arguments and concepts from the regional planning literature, which I will later apply to the case study in the Discussion in chapter 7. The literature that is relevant to my research is that of Growth Pole theory. Also pertinent to my research are the theories of regional economic development and use of economic theories to arrive at a desired outcome for the space economy. I will also explore the theories of local economic development which is a more recent set of ideas emerging from regional theory. In discussing these theories I will deliberate on the conception of the growth pole theory, its application and its impact over time.

The notion of growth poles has been subject to much dispute and confusion with regards to terminology used in literature (such as 'Growth Poles' and 'Growth Centres') and there has been confusion with regards to what growth pole theory actually is and what it means to regional development. I will discuss the international debates on the concept of growth poles as well as the applications of the theory in South Africa. Since the inception of the Growth Pole theory there have been many contributions to the theory from authors that are for it and those that question its effectiveness. In Chapter 7, where I will link the theory to the case study, I will show how in this South African case the growth pole policy had proven to be a success in the case of Newcastle through a combination of factors and interventions.

This chapter will first discuss the Growth Pole theory, its origins, and the concepts of the theory as well as a few of the debates surrounding the theory. I will then discuss regional development theory and some of the spatial targeting approaches towards it particularly in the South African context. Lastly I will discuss the theories concerning Local Economic Development (LED). This chapter looks at the theories that the Newcastle case actually tests both during apartheid and post-apartheid.

1. Growth Pole Theory

1.1 The Origins of Growth Pole Theory

The concept of growth pole comes from and was introduced into literature in 1949 by French economist Francois Perroux (1950) and he defines growth poles as only and specifically in relation to abstract economic space and not geographical space (Darwent, 1969: 6-7). In modern times the understanding of growth poles is always taken in relation to geographical space, however initially this was not the case. Perroux was concerned with and placed his attention on economic activities, but it was Boudeville, who was a believer of Perroux, who was responsible for the transformation of the

economic phenomenon in abstract space into a regional operational model that is applicable to a geographical space (Boudeville, 1966:118-119 & Serra, 2003).

When speaking about abstract economic space concept Perroux (1950) distinguishes between three types of space: space as defined by a plan; space as a field of forces (polarized); and space as a homogenous aggregate (Darwent, 1969; Lasuén 1969; Buttler, 1975). Perroux claims that when a propulsive industry raises its output it then encourages growth in the outputs of other industries. In cases where the encouraged growth in outputs is greater than the initial growth of the propulsive industry's output, then that propulsive industry is called a key industry (Perroux, 1955: 315). The origins of the growth pole theory can also be traced back to the economic collapse (the great depression) worldwide of 1929/30. There was a need that arose for the state to intervene in order to remedy the economy and bring it back to a stable state (Dewar, 1984). The concept of growth poles were used as a way of addressing the regions that were considered to be lagging in the developed countries and to develop the under developed countries (Dewar, 1984).

There have been numerous contributions to literature with regards to what the definition of growth poles are. There are two definitions however that will be discussed briefly here by Paelinck and Lasuén and they are:

"An industry constitutes a growth pole which, by flow of products and of incomes that it generates, conditions the development and growth of industries technically linked with it (technical polarisation) , determines the prosperity of the tertiary sector by the incomes that it generates (polarisation of incomes) and produces a growth in regional income thanks to the concentration of new activities in a given zone, in view of the prospect of being able to dispose of certain factors of production (psychological and geographical polarisation)" (Paelinck, 1965: 12 in Buttler, 1975: 24-25).

"A growth pole is a large group of industries strongly related to their input-output linkages around a leading industry, and clustered geographically. The leading industry itself (and through its inducement the whole group), innovates and grows at a faster pace than the industries external to the pole" (Lasuén, 1971: 2 in Buttler, 1975:25).

Buttler (1975) claims that the above definitions are accurate because they speak of the effects of the growth pole of which can be projected, however it does not necessarily speak of the purpose of a

growth pole. As mentioned earlier their purpose was to redress the imbalances of regions economically and to make a region grow faster to catch up with other developed regions.

1.2 Concepts of Growth pole theory

The concept of growth poles was developed Perroux and has had contributions from many other authors. In the view of Perroux, development meant that there was the creation of new industries and the cessation of the old industries, that there is a continuous differentiation of the rates of growth of new and old products and that the highly income elastic new products will replace the low income elastic old products. It also meant the adjustment of the products linked to the new ones through forward and backward linkages as with the change to new products the linked products would have to adjust (Lasuén, 1969:22-23). Development therefore implies the spatial clustering of sectors of activities around the key activities and their faster growth than the rest (Lasuén, 1969). Lasuén (1969) along with Hirschman (1958) claimed that development must be geographically polarized in the early stages in so-called 'growing points' because of the lack of entrepreneurship outside the centres. Thus bring us to the concept of propulsive industries.

1.2.1. Propulsive industry

"As a field of forces, economic spaces consist of centres (or poles or foci) from which centrifugal forces emanate and to which centripetal forces are attracted. Each centre being a centre of attraction and repulsion, has its proper field, which is set in the fields of other centres. Any banal space whatever, in this respect, is a collection of centres and a place of passage for forces" (Perroux, 1950: 95-96 in Serra, 2003:3).

Perroux states that the firm as an important entity in the growth pole, is considered to release outward and integrative forces. The firm will attract people and objects into the commonplace space or at the same time clears them away. Boudeville describes a propulsive industry as having two distinct characteristics: (1) a direct and indirect dominating influence over the other activities that exist and (2) an oligopolistic¹ concentration of industry, which has the ability to lead price and has a keen sense of anticipation of what changes occur within its sector along with related industries (Boudeville, 1966: 112). The aspect of dominance was an important notion for Perroux with regards to growth poles. A firm or industry 'A' is dominant over 'B' if the flow of goods and services from 'A' to 'B' is of a greater proportion of 'A's' output than the flow from 'B' to 'A' is of 'B's' output (Darwent, 1969). A firm or an industry that is characterized by a high interaction with other firms, a high degree of dominance and large in size is

¹ A market condition in which sellers are so few that the actions of any one of them will materially affect price and have a measurable impact on competitors.

understood to be a 'propulsive' firm or industry. The other firms that are dominated by the said firm or industry are understood to be 'mute'.

The propulsive firm is given a high degree of dominance over the rest by supplying 60% of their inputs and buying 60% of their outputs (Darwent, 1969). The propulsive industry can also be defined as "a large, modern, fast-growing, capital-intensive industry, which forms part of the most advanced sector of the economy and has a high degree of backward and forward linkages to other industrial sectors" (Todes and Watson, 1984:4). Propulsive industries of firms are an imperative spatial aspect of the growth pole concept and growth poles will appear as towns having an intricacy of propulsive industries or firms (Boudeville, 1966).

1.2.2. Polarized Development

The process of development of a propulsive firm or industry is called polarisation (Darwent, 1969). The theory of polarized development has its roots from Perroux once again in which he argued that economic space is polarized with the pole having a leading firm, industry or a particular sector of the economy. These firms which are propulsive have strong internal linkages between themselves and the growth is integrated through the forward and backward linkages (Dewar, 1984). Boudeville (1957) argued that there is a concept that is the spatial equivalent to the polarised economic space which is the nodal region. Boudeville theorized a model of spatial growth based on the location of nodes that are formed through networks of transportation. The strategy behind the polarized development accentuated the advantages of the agglomeration of economies (Serra, 2003).

A polarised region is one that is heterogeneous, and the concept of polarisation contains the notion of a hierarchy of poles which can be classified according to the activities that each pole performs (Serra, 2003). Boudeville (1957) speaks of the polarised or nodal region which is defined as a place where exchanges of goods and services occur and the internal intensity is greater at every point to their external intensity. He also states that polarization includes the idea of hierarchy which can be applied to a hierarchy of settlements: a national metropolises, local towns, small centres and the villages. Boudeville claims that the concept of polarization would not be valuable unless the interdependencies were the expression of stable relations (Boudeville, 1966).

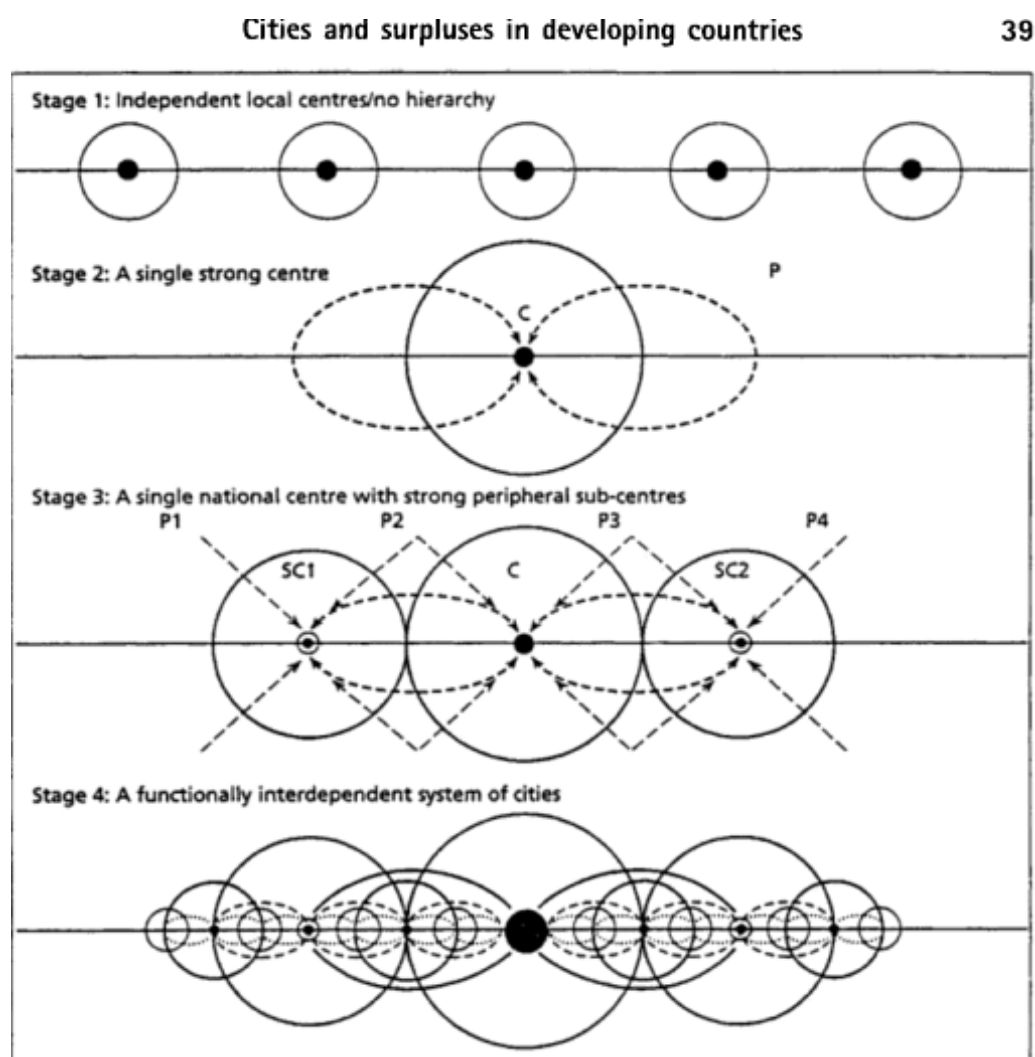
The polarization argument was initially put forward by Schumpeter (1912) and was thereafter taken up by Perroux (1955) and thereafter taken up by Hirschman (1967) in the form of a growth strategy (Buttler, 1975). This is indeed true as Schumpeter had stated that "economic development is no organic unit in its entirety, but consists of parts of developments that complement one another but are relatively independent...Consequently the development of the economy takes place as it were in waves,

each of the waves having a life of its own” (Schumpeter, 1912: 490 in Buttler, 1975:27). What is clear from the aforementioned is that Schumpeter had ideas of polarised development that can stand alone but are also connected to other poles which complement each other in existence.

1.2.3. Core periphery

The concept of core periphery can be described as a spatial metaphor which describes and attempts to explain the structural relationship between the advanced or metropolitan ‘centre’ and a less developed ‘periphery’, within a particular country or region (Encyclopedia, 2015:1). The idea is that there is centre of a region which is more developed than the periphery of that region.

Figure 0: Core-Periphery Model



(Potter & Lloyd-Evans, 2014)

The modernisation school of thought is that information will flow from the centre allowing for urban dominance to be extended into the rural areas whilst at the same time reorganising political and administrative structures and value system (Dewar, 1984). The idea of this notion is that in the early stages of economic development the gap between the core and the periphery grows and as the economy advances within the core, the growth begins to spread to the periphery. The spatial economy becomes more complex and integrated and an urban hierarchy develops and the idea is that over time the periphery ceases to exist and what is left is a series of city regions. Friedman (1966) claims that the polarization process gives effect to the spatial pattern of core and periphery (see Figure 0).

Friedmann's (1972) theory of regional development combines Rostow's stages of growth theory, spatial evolution ideas and linear models of change. His theory is very much based on the experience of the developed countries. Friedmann along with Myrdal (1957) state that growth is always localised and contained in particular places. Friedman (1972) speaks of authority – dependency relations in a spatial system, he identifies 6 feedback effects in which the core regions show their dominance over the periphery. They are:

- *The Dominance effect* – this is the weakening of the peripheral economy by a transfer of resources to the centre.
- *The Information effect* – this is the increase in potential interaction within the central region as a result of its own advancement. The innovation benefits the core and widens the gap with the periphery.
- *The Psychological effect* – this is the stimulation and creation of conditions favourable to prolonged innovation at the core.
- *The Modernization effect* – this is the modification of the existing social values, behaviour, and institutions so that are reflective of acceptance and what is conventional with progressive change through innovation.
- *The Linkage effect* – this is the propensity of innovations to develop other innovations by creating new service demands and markets for services the core region is able to supply to other areas. This can be referred to as the multiplier effect. There are new service demands and markets in the core region.
- *The Production effect* – this is the creation of an appealing reward structure for innovative activity operating through the exploitation by innovators. The economies of scale and agglomeration lead to more economic growth in the core region.

All six of the effects are intended to increase fiscal returns while at the same time increasing external economies to scale and urbanization economies will tend to reduce the costs associated with innovation (Friedmann, 1972: 94-95).

1.2.4. Diffusion of innovation

What is central to the paradigm of modernisation is the hypothesis that the development of society is sustained by the introduction and spread of new ideas and technologies. It involves the flooding of innovations which displace old products, techniques, values etc. Cities (growth poles) are meant to be the centres of innovation and are meant to link national and regional city systems to the development process (Dewar, 1984).

“the developmental role of growth centres involves the simultaneous filtering of the innovations that bring growth down the urban hierarchy and the spreading of the benefits accruing from the resulting growth, both nationally from core to hinterland regions and within these regions from their metropolitan centres outward to the inter-metropolitan periphery” (Berry, 1972: 108).

Berry (1972) argued that there lies a correlation between the innovation process and functional city size. The process of diffusion occurs from the largest centre, initially horizontally to centres of smaller size and then to the smaller ones. The idea is that the city should conform to a hierarchy if development is to occur, and if there is a break in the hierarchy then there is a break or interference in the expansion of the development process (Dewar, 1984). Within a centre the potential for innovation is a function of its own rank in the hierarchy. “Growth occurs as a result of the filtering of innovations downward through the urban hierarchy and the spread of the innovations among consumers residing within the urban fields of the adopting centres” (Berry, 1972: 136). The idea of diffusion of innovations is that there will be large centres in which intense innovation occurs and as a result of hierarchical functions, which are not just functional but spatial, the smaller centres or towns closest to the large centres will be the endorsers of the innovation and will innovate much earlier than the peripheral areas (Berry, 1972).

1.3 Debates around growth poles and critiques

There were several arguments in the periods of the 1950's and 1960's from economists that said that spatial inequalities could undermine national growth by the fact that they may be neglecting of exploiting areas with potential. The further investment in developed areas was seen as limiting that

ability of exploiting potential areas (Todes, 2013). This was a justification for the investment in the lagging areas, however there were those that thought it was a waste of resources to invest in the lagging areas and much rather make it a concern of welfare and to rather invest in people, the cheaper route, so that people can move to where the opportunity is, in the developed areas (Todes, 2013).

Moseley (1973) was an author who contributed to the debates of the growth pole theory and practice. He questioned whether the growth centre is a mental construct or a real entity. Moseley (1973) examined 13 examples of the use of the term growth centre in theory. This has been of much debate in literature and resulted in numerous confusions of what the term means.

Moseley (1973) identifies that 6 issues emerge from his analysis and they are;

- *Growth and centrality?* – Here he questions which of the words in the term are vital to the concept or are they both important? He points out that authors find that one of the words could be more important in the concept than the other. He also mentions that the term of ‘centrality’ has at least two connotations, the first being of the inter-regional location and the second towards central place function.
- *Growth of what?* – here he questions what growth is actually being spoken about and what is measured to constitute the growth as some authors speak of growth generally and others specifically of population or gross incomes.
- *Timing of growth* – here he questions whether a place is a growth centre now, because it is projected to be or it is because of past activity.
- *Positive or normative* – here Moseley (1973) questions whether a growth centre is a positive concept or a normative one. He raises the point that authors sometimes interpret the concept with normative elements by using words like ‘acceptable’. He mentions that this makes the growth centres places that can be judged only by the planner who designed it and removes the objective analysis of the attributes of the growth centre.
- *The problem of scale* – here Moseley (1973) questions if the size of a place is relevant to having the status of growth centre. He points out the lack of clarity in how many different sized regions can all be classified as one breed perhaps. He feels that there is a lack in decision in literature on which sizes are appropriate for a growth centre.
- *Areal extent* – Moseley (1973) brings up an issue of authors dealing largely with mass and the built-up area but do not ineludibly deal with defining the geographical spaces or territories, for example where the hinterland begins and ends and whether or not the area between it and the growth centre is part of the growth centre.

Moseley sets out the aforementioned areas of confusion in literature to show that there is much un-alignment with the term 'growth centres'. Thus he asserts that the literature is still far from finding a good definition for a growth centre which is widely agreed upon. There has clearly there has been much ambiguity and confusion on what constitutes a growth centre.

"The confusion in the discussion of the growth pole theory and policy arises from the fact that Perroux and his successors have tried to apply the essentially still vague sectoral polarisation argument direct to concrete spatial dimensions" (Buttler, 1975: 31)

Adding to the confusion of growth pole theory and its practice is the example of Lacq. In the region of Aquitaine, France there was the discovery of natural gas in Lacq (a commune/village). Prior to the discovery the area was a typical peripheral region. It was expected that the region would culminate in the growth of the region and thus become a 'successful' growth pole. However this did not happened and it was concluded that this region had failed as a growth pole. The growth pole theory was identified once again with the sectoral-regional polarisation (Buttler, 1975).

Darwent (1969) claimed that the discussion was misconceived as there is nothing in the original growth pole theory concept that suggests that the extraction of gas in Lacq will attract growth of some kind in Lacq. The conclusion is that the gas field will somehow induce growth in the economy. This is concluded without reference to the geographic space and growth that has taken place as a result of the gas field, just not in that region. What was needed, which it lacked, was the analysis of conditions of the identification of the sectoral-regional pole, the minimisation of communication costs, which is required for regional policy instrumentalisation of the growth pole concept (Buttler, 1975).

Parr (1999) states that the mistake in the early writings of the growth pole strategies is that it failed to distinguish between natural/spontaneous growth and planned/induced growth. He questioned the definitions that were put forward by Boudeville (1966) whereby in respect of a growth pole in geographical space he said that involved a set of expanding industries in the urban area and inducing further development of economic activity (Boudeville, 1966: 11). Parr (1999) believed that such a definition treated a growth pole in geographical space as an urban centre that had the attributes of a growth pole in abstract space (Parr, 1999: 1197).

Parr (1999) felt that the rationale for the growth pole strategy which in his view are, (1) planned poles and the region; (2) the concentration of economic activity and (3) the concentration of infrastructure, are insufficient for the policy maker. He felt that it was a failure of the overzealous authors in placing

the rationale within the context of issues, such as budgetary requirements of strategy, which led to the acceptance of the strategy.

“The growth pole paradigm has also been tarnished by the failure of growth centre development strategies in the U.S. and other countries” (Amos, 1990: 37).

There have been critiques of the notion of growth poles with regards to the idea that isolating or concentrating development in specific centres will eventually lead to trickle-down effect that will be of benefit to those even outside of the growth poles. However regardless of the critiques on the concepts of growth poles there have been examples of regions that have been successful as a result of the good execution of growth pole strategies. Having said that there are still those who believe the idea of growth poles is not thorough in that it assumes that the application of growth pole strategies will work anywhere (Rogerson, 2009).

2. Regional Planning Theory

“Regional planning is characterized by its focus on the attainment of objectives for territorially organized – or spatial - subsystems of rational societies and, with growing frequency, also of multinational systems” (Friedmann, 1972).

Friedmann (1972) states that there are theories which complement each other such as the *Classical Location Theory* which is related to the most favourable location of the firm or industry, the *Spatial Organisation Theory* which is centred on the structural characteristics of a system of point locations, and *Regional Growth Theory* which is the theory that attempts to overcome the difficulties of understanding the processes of spatial systems and attempts to treat dynamics of spatial systems (Friedmann, 1972). He affirms that all of the aforementioned theories are flawed, with regional theory being the superior of them, and that the most all-inclusive theory on regional growth was from Horst Siebert (1967) who formulated models for both the individual region and a whole system of regions (Friedmann, 1972).

The existing regional growth theories of the time were a variant of classical location theory, the economic growth of a region can be traced to some natural resource that is stationary in which there is a demand for it outside of the region. Investors with the intent to use this resource are attracted and thus there is expansion of productive activity through local demand and substantial external economies. Any welfare disequilibria will be restored to balance by offsetting flows of labour and capital from regions of surplus to regions of deficit (Friedmann, 1972).

Friedmann (1964) emphasizes the importance of location when dealing with new developments within the national economy. He asserts that national policies of regional development should recognize that there are different problems and advantages of developing in the different regions. "The decision of where to locate a new project is as important as the decision to invest in it" (Friedmann, 1964: 1).

2.1 Unequal Development

Friedmann (1980) asserts that one of the most fundamental aspects of regional planning was that of the doctrine of unequal development. This doctrine determined the conceptual approach to economic policy. Submerged in the philosophy of neoclassical economics, the doctrine was about efficiency in production being distinguished from equity in distribution. The doctrine argued with regards to income distribution was for inequality on the grounds of economical motivation (Friedmann and Weaver, 1980). The reasoning behind this was that as oppose to the poor the rich had saved more from their incomes. The argument behind the doctrine of unequal development was that inequality was efficient for growth and that equality was not efficient for growth (Friedmann and Weaver, 1980). Basically what the doctrine was for is that there should be development that is unequal so that there is an opportunity for growth and thus there can be room for that growth to 'trickle down' to those regions that were less developed. Therefore the strategy was to expand on the manufacturing industry as this was the major propulsive force. The shift towards manufacturing would result in the migration of people in the agriculture sector to the developing centres of manufacturing. As a result of the industrial expansion in urban regions and the reorganizing of agriculture along commercial lines, the structure of the space economy would now be of nodes and linkages (Friedmann and Weaver, 1980).

"A major consequence of the process of expansion and regional roles in the national differentiation has been the specialisation of regional roles in the national economy, and the nature of this specialisation has influenced the content and direction of regional growth" (Friedmann, 1966:230-231). What Friedmann alludes to is the fact that regions will experience growth when they possess a specific role to play in the greater national economy and thus "business" with regards to that specialisation goes to that region, and if specific regions all have their particular specialisations then growth will occur according to the demand for it.

2.2. Export Based Theory

The concept of this theory is that the approach is a demand one which is externally induced. Although this theory is applied to regions within a country, it was developed in relation to international trade (Dewar et al, 1986). The idea is that with the growth of the regions their economy becomes more

diversified as a result of the emergence of newly established industries serving the export markets (Dawkins, 2003), further growth occurs through the multiplier effect. According to North (1955) the regions will lose their identities over time, production will tend to diffuse across regions over time, it is assumed that the regions develop on the basis of their comparative advantage through trade with other regions. There is now barrier to entry of goods or people in this theory (Dewar et al, 1986). What this meant for settlements was that the export market encouraged urban centres to be located at the coasts and the transportation routes would link the coastal production centres with the ones inland.

2.3. New Regionalism

There are a number of definitions when it comes to new regionalism. It is said that new regionalism is a manifest in a series of dense nodes of human labour and communal life that is scattered across the world and that it is oppose to a world view of indeterminate space of flows (Rogerson, 2009). The role of agglomeration and of clustering of firms is a major facet of the concept of new regionalism.

There is a concept that is introduced by Scott (2002) which is 'regional economic commons' and this concept puts out a number of beneficial policy levers. The first intervention is to *catalyse networks and collaborations* so as to establish social networks and to facilitate more effective and cooperative inter-firm relations. The second policy intervention is related to *human resources development* and appropriate upgrading of labour force training. The third intervention is the *promotion of learning an innovation* and this is to be undertaken through the stimulation of networks and linkages among and between firms. The fourth intervention is *institution building* at many different levels and exhibitions as well as small business credit providers. The fifth policy intervention is of physical infrastructure provision and effective urban planning initiatives which are needed to deal with the various diseconomies which appear in large cities and developing areas with a greater severity (Rogerson, 2009).

New regionalism is a relatively new concept to South Africa in the international context, the first sighting of new regionalism in South Africa is seen after the cessation of international economic sanctions of South Africa and getting back into the global economy. Local Economic Development (LED) was a huge force in South African literature and the concept, although no part of the theory, was informed by the idea of small-scale industrial districts, clusters and the importance of local pro-activity and policy-making in a globalised economy of which are traits of new regionalist theory (Rogerson, 2009).

Pillay (2004) discussed the competitive 'city regions' that are developing in South Africa and he put forward that Johannesburg is South Africa's best global prospect and is most likely to be a 'city region'

in status. This was of course based on a deep analysis that included census data from pre- 2000. The Western Cape has, through provincial government initiatives, been a vehicle for cluster support. There are a number of cluster initiatives that exist in the Western Cape that are firmly established such as the Cape IT Initiative, the SA Manicure Institute and the SA Wine and Brandy Trust amongst others (Gwynne-Evans, 2007).

The shift from national planning to more local planning can be traced back to the period of post WWII to up to the 1970's. This period experienced economic development that involved linear growth theories. The idea was to achieve regional balance. This era saw the emergence of instruments to make regional planning a balanced approach to development. It included the implementation of growth poles (these were used as an attempt to increase development at lagging regions) and public sector incentives for industrialists. What came after was the period from the 1970's to the 1990's where there was a presence of disorganized capitalism. The development approaches included theories of uneven development and disequilibrium growth. This came from strong critiques of established equilibrium theories that they are opposing capitalism which is driven by competition. Storper and Walker (1989) assert that the economy is one that is of disequilibrium and trying to achieve equilibrium simply disrupts the conditions of production under this system.

The decade of the 1990's there was accelerated globalisation, regional competition and uneven development. The accelerated globalisation increased pressure on regions to compete in the global economic arena. In the contemporary era regional economic policy leaned towards what Amin (1999) identified 4 key areas of action which are (1) promotion and support of clusters, (2) enhancing local capacities to learn and adapt through better access to information, (3) mobilising and broadening the social capital and (4) mobilising the 'social economy' through capacity building and socially inclusive entrepreneurship. Regional economic development shifted from being a national planning concern to being one of local spatial planning. New Regionalism (discussed above) which came about strongly in the contemporary era, and LED concepts will be discussed below in the following sections.

3. Local Economic Development Theories

There are a number of Local Economic Development (LED) theories which governments can apply in order to achieve economic development that is localised to their particular region. One of the central components in LED is the importance of local human, institutional, and physical resources. It advocates endogenous development (Blakely, 1989). As with many important terms, there is much debate as to what an LED definition is, however LED can be defined as an approach to economic development that

is within the developing world, that places emphasis on economic activities in and by cities, districts and regions. The World Bank (2011) asserts that the purpose of local economic development is to build up the capacity of a local region to improve the future and quality of life for all who reside in such local area. LED can be defined as a “process in which local people are involved in, responsible for and control the identification and harnessing of resources and opportunities to generate sustainable jobs and economic activity in response to local need and initiative in a way which is culturally, environmentally and socially acceptable to the community as a whole” (Madell, 2011:1). Another definition is “a process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone” (Blakely, 1989: 58). This definition of LED is more accurate.

The World Bank (2011: 1) offer a number of ways in which LED can be approached in order to improve the region and quality of life of citizens.

- Ensuring that the local investment climate is functional for local businesses.
- Supporting small and medium sized enterprises (SMMEs).
- Encouraging the formation of new enterprises.
- Attracting external investment (nationally and internationally).
- Investing in physical (hard) infrastructure.
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues).
- Supporting the growth of particular clusters of businesses.
- Targeting particular parts of the city for regeneration or growth.
- Supporting informal and newly emerging businesses.
- Targeting certain disadvantaged groups.

There is no one theory of LED however there theories that allow one to understand the rationale for LED. There are six theories that Blakely (1989: 60-67) identifies as being important to the understanding of LED namely: *Neoclassical Economic Theory*, *Economic Base Theory*, *Location Theory*, *Central Place Theory*, *Cumulative Causation Theories*, and *Attraction Models*. All of the factors (labour, industrial composition, technology etc.) involved in local development are important however it's the segregation of them that forms the basis to local economic actions (Blakely, 1989)

LED or economic development at the local level can be traced back to the 1920's in the U.S. which focused on ushering jobs to people in particular regions as oppose to the LED of the 1990's which was about ushering people to the jobs (Madell, 2011). The theoretical views overtime show a shift in focus

from *locational* and *central place theory* to *comparative advantage theory* to *competitive advantage theory* and to *collaborative advantage theory* and an emphasis on business development, human resource development and community development (Madell, 2011).

Madell (2011) identifies the five waves of the U.S. experience that were of significant influence to LED. The **first** one is the Post-Depression wave in the 1930's to the early 1960's. Economic development in this period was a public sector activity that began in 1937 with the issuance of the industrial development bond (Madell, 2011). This period was characterised by the recruitment of industries, states in the U.S. tried to attract manufacturing plants from other states in order to redistribute employment. Within this period there were traditions of Neo-classical and Keynesian features whereby efforts were focused on large long-term state-led investment in the social and economic infrastructure (Madell, 2011).

The **second** wave was during the period of the 1960's to the early 1980's. This period showed efforts at improving equity and increasing demands through the concept of redistribution. There was emphasis that was put on increasing economic opportunity through aspects such as education, work training, social services and community development. In the middle of this period there was the renewal of degraded city neighbourhoods by way of industrial recruitment and partnerships with the private sector. Attracting outside investment and mobile manufacturing became the focus in this period for investment towards hard infrastructure. Although small business units were set up by municipalities to help SMMEs the end of this wave was characterised by a slowdown in economic growth as plants were closing down.

The **third** was from the 1980's to the mid 1990's. This period showed the dominance of neo-liberalism as the focus was that the national policies would enable conditions that would improve the formation of local capacity and capability in regions (Madell, 2011). This period also showed a shift from the way economic development was analysed, from implementation of the various techniques to the identification of various participants in the economic development process. The U.S. had experienced the longest and most productive economic cycles since the end of WW II (Blakely, 1989; Madell, 2011).

The **fourth** wave was from the mid 1990's to 2006. This era had characteristics of the belief that as a way to end welfare dependency it was better to break up communities and move people to the suburbs. This period saw the Post-Fordist school of thought, whereby there was a shift in focus from comparative advantage to competitive advantage as monetarism influenced macro-economic policy. Disparities in income and opportunities remained a concern despite the economic growth since the mid 1990's.

The *fifth* wave is from the Great recession of 2007 and onwards. This period is characterised by the closure of businesses and a decline in consumer wealth and general economic activity as a result of the collapse in the U.S. banking system, housing market and downturn of the stock market (Madell, 2011). In order for recovery to occur there had to be a shift away from 'business as usual' to a more innovative way of thinking about the economy and reinventing the economy through new technologies (Madell, 2011).

As mentioned earlier in this section there are many theories that are part of the formation of LED. I will speak of two that are important to the concept of LED. The first is the *Comparative Advantage and Cluster Theory* which was developed by Michael Porter (Madell, 2011). This theory has competitiveness at the heart of this theory and has six essential principles;

- Firms compete, not regions or nations.
- There are no inherently 'good' or 'bad' industries
- Innovation and continual upgrading are critical to sustained competitiveness.
- Competitiveness is built over decades, not short-term business cycles.
- No nation is competitive in everything.
- Nations and their industries need not be large in order to compete.

The theory by Porter (2000) was one of the most influential works on business strategy in the last century. He defined a cluster as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities" (Porter, 2000: 16). The theory highlights the competitiveness of an economy is dependent on the performance of firms, and that firm performance is dependent on a set of interlinked elements. The theory is significant in that by innovation economies can improve their competitiveness as a location for economic development. The cluster theory is based on the assumption that all that is needed is to identify and develop firms in the areas in which the economy has inherent strengths (Madell, 2011).

"The state of clusters reveals important insights into the productive potential of an economy and the constraints on its future development. A cluster approach to economic development encourages behavior that is pro-competitive" (Porter, 2000: 32).

The second theory I alluded to is the *competitive Place Theory* and the concept of this theory is concerned with the Traditional local growth machines, Newer re-imagining and marketing of the 'place-product', Creation of techno poles and capacity-building, and Local supply-side policies. The theory deals with place as a commodity, this is the provision and enhancement of physical

infrastructure through a range of measures. The physical infrastructure is a critical factor in defining the image of a place, it can also be used to create a new townscape-combining a new economic function with a repositioning of place imaging (Madell, 2011).

3.1 LED in South Africa

The LED momentum in South Africa was largely influenced by the international experiences in the northern hemisphere such as the USA and the UK. This could be seen in the early literature on LED in South Africa by Claassen (1991) and Tomlinson (1994), however it has evolved greatly since then to reflect South African ways (Nel and Rogerson, 2005). There was an emergence of the 'indigenous' interpretation in South Africa which has been substantial in its developmental effect to literature. LED in South Africa had begun as a pro-poor approach and ran into many problems and failures in projects along with critiques from academic authors.

The approach, through various national publications, had shifted towards more mainstream economic development and support of SMMEs. The shift was towards a pro-market approach. However this shift was met with many disappointments that seemed not to be addressed by national government (Nel and Rogerson, 2005). Tomlinson (2003) argued that South Africa's focus on SMMEs and poverty alleviation resembles that of the global north with regards to community-based LED. He also asserts that LED is being marginalised by the lack of resources available and the largescale government interventions. Tomlinson was of the belief that LED was an excuse for national government to lay the responsibility away from themselves and to local governments in order for the local municipalities to have the burden of dealing with national problems of unemployment and poverty (Nel and Rogerson, 2005).

4. Conclusion

Growth centres are growth poles that have a geographic (space) element. The terms have been debated since the inception of the growth pole concept. The application of the growth centre idea has been both admired and denounced. This chapter has described the main theoretical arguments that relate to regional development and the growth poles. I have discussed the theory of growth poles which were conceived as economic concepts in abstract space and later formed to be linked to geographical space. The international arguments have been discussed as well as South African examples of applying the theory to practice. I have discussed a few of the spatial targeting concepts that have come from South African policy. I have also spoken to theories of local economic

development and their concepts related to the shaping of towns economically. In the next chapter I will describe the research outline in detail as well as offer the logic underlying the research design.

Chapter 3: RESEARCH METHODS

1. Introduction

This chapter will discuss the methods used to conduct the research for this dissertation as well as to provide the reasons for the way in which it was conducted. This dissertation uses the case study method to investigate the economic development that has occurred in Newcastle, KZN. The aim of this chapter is to reveal the logic behind the design of this research, in this chapter I will describe the main research question in more detail and explain why the case study method is the most appropriate option for this dissertation. I will also give an explanation as to why Newcastle is chosen for as the case study of my dissertation. I will then describe the approach used in my research, explain the type of questions I asked my interviewees to help answer my research question and why. I will then end this chapter with the challenges that were associated with this research and conducting interviews.

2. Research Problem

The research problem arises from the many debates that surround growth poles or growth centres in regional planning. Particularly the arguments against the growth centre concepts that have been denounced by many as not being the right concept to adopt to achieve regional development policy. There have been many critiques relating to the use of practices in the global south (Watson, 2009) predominantly originating from the global North, which have been uncritically adopted and applied in vastly differing global South contexts, with very little critical examination into their underlying assumptions (Watson, 2003; 2009). This has been one of the reasons why growth poles are perceived as failures in the global south (Nhede, 2013). As a result of the dominance in planning theory of practices of urban planning in the global north, South Africa adopted the theory and policy of creating growth points and concepts and methods of spatial targeting were also adopted, particularly in apartheid years. Although this brought an injection of growth in the selected towns, through regional development policy, it was short-lived as there was national economic recession and it resulted in growth points collapsing economically or becoming stagnant with no potential growth. However there were cases where certain growth points were not subject to economic collapse and were able to grow economically amidst the recession.

What has been a problem with many growth points in South Africa is being able to avoid the economic collapse of these growth points. It stems from the idea of boom towns whereby there are generally single industry towns and the economy, and subsequently aspects of society, are reliant on the resource that had contributed to the initial growth of the town. The problem appears to be the reliance on that single industry as the economic base of the town as the risk of economic collapse is

high when there is nothing else for the town to fall back on economically. However Newcastle is a 'unique case' in that it has managed to continue to grow economically even after incentives linked to the South African growth pole policy were removed. This brings me to the primary aim of the research of this dissertation.

Research Aim:

The primary aim of this research is to explore the various interventions and impacts of the planning of the NM in terms of contributing to the economic development of Newcastle particularly after the cessation of regional industrial decentralisation policy in South Africa.

The second aim of this research is to explore the various contributing factors to the economic development of Newcastle, a growth point, after the removal of incentives for manufacturing industries/firms.

The main research question guiding this dissertation is therefore: *'What has the role of planning been in the economic development of Newcastle?'*

3. Case Study Research Method

The case study method is defined as "an empirical inquiry that investigates a contemporary phenomenon (the 'case') in depth and within its real-world context" (Yin, 2014: 16). The case study method is well armed with the tools to give researchers the ability to answer the call to theorize from the South, as planning theory seeks to turn back towards grounded explanatory theories. The case study method allows me to gain a deeper understanding into the area in question. A case study is an approach that will "facilitate exploration of a phenomenon within its context using a variety of data sources" (Baxter & Jack, 2008:544). Using this method will allow the researcher to answer 'how' and 'why' type questions, and in the case of this dissertation gain a better understanding of the economics of the towns, while taking into consideration how the phenomenon is influenced by the context within which it is situated (Baxter & Jack, 2008).

"The main strength of the case study is depth—detail, richness, complete-ness, and within-case variance" (Flyvbjerg, 2011: 314)

Case studies are found in economics, in which the structure of a given industry or economy of a town may be investigated by using the case study method (Yin, 2003: 1). Flyvbjerg (2006) discusses the advantages of case studies: "the advantage of the case study is that it can 'close in' on real-life situations and test views directly in relation to phenomena as they unfold in practice" (Flyvbjerg, 2006:19). He also goes on to say that many researchers that have used this method found that their

pre-conceived ideas about a topic that they may have known about turned out to be wrong after the use of this method and that case materials changed their minds. This method allows the researcher to make informed decisions and proposals that are based on evidence. A key point in using the case study method is because of what is referred to as the 'generalisation rule'. What it says is that "case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes" (Yin, 2003: 10). What I can use the case study for is to 'speak back' to theory and principles, my "goal will be to expand and generalize theories" (Yin, 2003: 10).

3.1. Limitations

A limitation to this method is that the researcher tends to form a bias towards defending his/her hypothesis and that may taint the outcome and the results are not really what is true (Flyvbjerg, 2011). He cautions researchers of a 'narrative fallacy' whereby humans generally seek "to simplify data and information through over interpretation and through a preference for compact stories over complex data sets" (Flyvbjerg, 2011: 311). He goes on to explain that "It is easier to remember and make decisions on the basis of 'meaningful' stories than to remember strings of 'meaningless' data. Thus, we read meaning into data and make up stories, even where this is unwarranted" (Flyvbjerg, 2011: 311).

Flyvbjerg (2011) continues to explain that there is a key challenge in producing reports for multifaceted case studies in which findings may not be easily summarized or generalized. However he does conclude that one can generalize from a single case study, he says that "One can often generalize on the basis of a single case, and the case study may be central to scientific development via generalization as supplement or alternative to other methods" (Flyvbjerg, 2006:228).

4. Qualitative method of research

The "qualitative method is a multi-method in focus, involving an interpretive, naturalistic approach to its subject matter" (Hughes, n.d.: 1). This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them. "Qualitative research involves the studied use and collection of a variety of empirical materials—case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts—that describe routine and problematic moments and meanings in people's lives" (Thomas, 2003:1-2).

This type of research includes an aspect that is important in the research of this dissertation such as conducting interviews with role players in the economy specifically on the changes in the economy of Newcastle and gaining 'quality' feedback to draw a conclusions. An advantage to this method is that there is an in-depth examination of the phenomena and it is possible to examine complex questions that will be impossible to do with quantitative methods. The limitations to this method of research is that there may be researcher bias that is built in and tends to be unavoidable. Yin (2003) recommends that to overcome this bias the researcher should use 'triangulation' which is the "use many different sources of evidence" (Yin, 2003: 97) and it "allows an investigator to address a broader range of historical, attitudinal, and behavioral (sic) issues" (Yin, 2003: 98).

5. Selection of Newcastle as a case study

The first reason for choosing Newcastle to conduct my research for this dissertation is the fact that Newcastle is a town that was once a growth point (one of several) that was afforded opportunities of growth, through the Regional Industrial Development Policies (RIDP), and saw much of it in the 1970's. Through impacts such as a decrease in international steel demands and national economic recessions the growth points were subject to economic collapses and stagnation and the removal of incentives for identified regions in RIDP policies did not assist. However amidst all of the contributions to economic downfall of growth points or regions, Newcastle was able to continue to grow economically. For this reason I was intrigued as to the ability for the town to survive and continue with economic growth. Thus I wanted to find out what it was that made Newcastle different from the rest of the other selected growth points in South Africa. I also especially wanted to find out if the planning of the NM had an impact on the economic development of the town. And if it did have an impact what was it and how did they manage to keep Newcastle on a positive growth path. Newcastle may therefore be regarded as a 'unique' case in terms of Yin's typology of case studies.

I grew up in Newcastle and have lived there for most of my life, I was privileged enough to live in the suburbs of Newcastle West which is considered as the main area of Newcastle. I recall the growth of Newcastle as more buildings being erected, roads widened, more car dealerships and more shopping centres. Back then I did not know what was causing this growth but I just thought it was the natural progression of a town. But then a story my father told me about where he grew up which was in the rural area of Peacetown, KZN which is just outside of the town Ladysmith, another selected growth point, he had told me how Ladysmith was booming as a result of the mining that was in operation in a nearby region. It wasn't until years later whereby we visited the town and saw that Ladysmith was stagnant in terms of economic growth, he had told me that not much had changed from when he was

there as a teenager. That had brought me to question why it was that both Newcastle and Ladysmith that were selected as growth points did not seem to show the same growth or opportunities.

This had then inadvertently planted a seed within my mind concerned with the economic development of towns and specifically of Newcastle. Thus when given the opportunity to do my Masters in City and Regional Planning it only felt natural to do my research on Newcastle.

The second reason for selecting Newcastle was that of accessibility and financial viability. As a result of being a resident of Newcastle I was able to access all the necessary informants with relative ease. All of the interviewees, regardless of availability, were within a 5 km radius of my home. I also know of people who live in Newcastle that had previously worked for the NM and thus provided good intelligence on who it would be best to talk to and which avenues to take in order to get a hold of an official in managing positions. Additionally, as I was conducting my empirical research in my hometown I was able to save money on accommodation and transport costs.

5.1. Units of analysis

In order for me to understand comprehensively what the contributors to the economic development of Newcastle was, as well as to do an investigation on the history of economic development in Newcastle, specifically at the time of the initial growth in the period of the 1970's was to look at a multiplicity of information of different kinds. What was needed for the analysis was economic data, population data, and plans and documents produced by the NM. The focus of research was in two parts, firstly I would focus on the economic development from the initial boom in Newcastle in the 1970's up to the removal of RIDP incentives in the early 1990's. Secondly, the focus would be on economic development that occurred post dispensation of the democratic government up to the present when national incentives were removed and were replaced with a number of policies at local government level.

6. Approach to Research

The approach to my research that I took was an inductive approach. This is the approach whereby the researcher starts by collecting the data that he/she deems to be relevant to his/her topic. The idea of this approach is that after the data has been collected the researcher will step back and look at the data and look at the patterns in the data and work to develop the theory from it that explains the data. In this approach the researcher starts with the observations and then moves to the generalisations of the propositions in experiences (Blackstone, 2012). In my case I saw the Newcastle case as potentially adding theories and ideas about planned town growth.



(Blackstone, 2012)

This is the approach to which I took for my research, the reason being that I felt it best to do the empirical research first so that I can make out where in planning theory my research fits into. I will now provide the steps that I took to acquire the necessary information I needed for my dissertation.

6.1. Sources of Information

According to Yin (2009) the ability to make use of a variety of sources for information is a unique strength in the case study research method. “The case study is not either a data collection tactic or merely a design feature alone but a comprehensive research strategy” (Yin, 2003: 14). He highlights that the use of different sources of data collection in the case study method aids to the fortitude of the method. Yin (2003: 85) asserts that no single source is more important than the others that the researcher may use but that they are “highly complementary” of each other and that good case studies will use a multiplicity of sources.

6.1.1. Interviews

Yin (2003) describes the Interview as one of the most important sources of case study information. This proved to be true in sense as most of my interviews provided vital information which tied together the information from the other sources. Yin (2003: 86) asserts that the strengths to using interviews in the case study method is that they are “targeted” and “insightful”. I conducted a total of 10 interviews with 10 respondents. All of the interviews were conducted on a one-on-one basis and they

all varied in length with the longest interview lasting 1hr 5mins and the shortest lasting 30mins (See *Appendix A*).

The questions that I ask are very much open-ended questions and this is because with these type of questions I am able to ask the respondents about key facts on the matter as well as their opinions on those matters or key events (Yin, 2003). They were guided by specific questions and topics that were prepared prior to the interview. I brought with me to the interviews a notepad and a voice recording device to which I asked permission to use from the respondents. This allowed me to focus on listening to the respondents with much attention and guide the conversations in an effective manner where necessary. As well during the analysis phase I could use the recordings to transcribe significant moments of the interviews for the dissertation document. All the respondents were asked if they could be quoted, and there were respondents that wanted to remain anonymous when requested to be quoted in my dissertation.

With regards to the selection of respondents my aim was to draw a representative sample of the proportions of contribution to the Newcastle's GDP. What I looked at was the contributions of the different economic sectors in the Newcastle economy and then selected representatives of each sector in proportion to contributions. I chose to base the selection of my interviewees on economic data that I collected (although not all extensive in sector breakdowns) which spanned from 1960's to 2015. Thus I interviewed 4 respondents from the manufacturing sub-sector, 2 respondents from the retail and services sub-sectors and 4 respondents from the NM and government agencies. The members of the manufacturing firms that I interviewed all had managing positions or were the owners in the firm. Similarly with the retail and services as well as the government officials apart from one official who was a normal official.

A few of the issues that I went through during the course of conducting these interviews was firstly, that some of the respondents, particularly in the NM, were relatively new to working in the town and thus did not have much knowledge of the town prior to working there let alone when Newcastle was experiencing its initial growth. Thus it was important that I use other sources of data to corroborate any of their information that the respondents give me. Secondly, when approaching some of the manufacturing firms for interviews I was rejected because of a fear of misinterpretation/misrepresentation of their responses. As well a couple of prospect respondents confirmed a meeting for the interview to later rescind their confirmation of interview.

6.1.2. Documentation

Yin (2003) asserts that documentary information is likely to be relevant to all case study topics. He mentions that the use of documents is important in corroborating and augmenting evidence gathered from other sources (Yin, 2003). Yin (2003: 86) highlights that documentation has strengths because it can be reviewed repeatedly, they are generally exact in terms of details of events and contain proper names of organisations as well as being able to cover a long span of time in different settings. Much like the information received during interviews, the information gathered from documentation needs to be considered and interpreted in conjunction with the other sources of information (Yin, 2003).

As Newcastle is such an intriguing case to many there have been several writing from authors who refer to the happenings of Newcastle with relation to Regional Development, Industrial decentralisation and growth points. Alison Todes (1997) has been an author who did her PhD on the case of Newcastle and has a number of journal contributions on the case. All of her sources brought a lot of insight into the history of Newcastle's economic development. In addition to the body of knowledge by Todes, I was also able to look through documents that were outsourced by the NM to Metroplan² in the 1990's and the subsequent Integrated Development Plans, Local Economic Development Strategies and Spatial Development Frameworks up until 2015.

6.1.3. Archival Records

These types of records should not be used alone but in combination with other sources (Yin, 2003). The types of records that I accessed was data from StatsSA, IHS Global Insight and several maps.

6.1.4. Direct Observations

As my research has not been purely historical, being able to visit the area of analysis (town) for my research allowed me to see areas of new development and general environmental conditions of Newcastle. There were a number of new developments which I witnessed while in Newcastle that were in construction phase. One could also say that, as a native of Newcastle, I have been able to inadvertently observe the development that has taken place over time and apply it to my research.

² A town planning and urban design firm established in Pretoria in 1979

7. Conclusion

In this chapter I have aimed to demonstrate the logic behind the design of this research that I used for this dissertation. I have spoken about the research problem that stems from arguments and reviews of growth pole theory and regional development policies. Thus I discussed the research aims and the subsequent methods in which I hoped to achieve the aims of my research. In this chapter I also argued that the case study method is best suited for the answering of the main research question as well as that qualitative and quantitative data are both necessary for my research. This chapter also clarified the different sources of evidence that I have used in order to answer the main research question, and through the triangulation and corroboration of all the information from the several sources I have got the necessary information that informs my dissertation. The next chapter of this dissertation will focus on the economic development of Newcastle.

Chapter 4: NATIONAL REGIONAL DEVELOPMENT POLICY IN SOUTH AFRICA.

1. Introduction

This chapter will discuss the different regional development policies that were adopted in South Africa from the industrial decentralisation (ID) policies adopted since the 1950's through to the most recent Municipal Systems Act, as well as programmes and initiatives that came about after 2000. This chapter will go into some detail of what each policy entailed with regards to the offering of incentives to industrialists and how they impacted on the South African space economy. The following chapter will explain how these policies impacted on the town of Newcastle and thus begin to answer the research question of the role of planning in local urban development.

In South Africa ID policies have for a long time been at the cornerstone of South Africa's regional development programmes. ID has been used in many developing countries as a regional planning tool and this was the case in South Africa (Dewar, 1987). The rationale which the states used to justify their ID policy was that it wanted to shift concentration away from the historically strong forces of economic concentration in the metropolitan areas of South Africa: Cape Town, the Port Elizabeth/Uitenhage complex, the Durban/Pinetown complex, and the Pretoria/Witwatersrand/Vereeniging (PWV) complex (Addleson, Pretorius and Tomlinson, 1986). ID policies have been globally used to take on two issues related to regional development which are the rate and size of growth of the largest cities as well as the necessity of developing the peripheral underdeveloped regions (Dewar, 1987).

2. Decentralisation policy prior to the 1950's

Although Industrial Decentralization (ID) policy was only formally adopted in South Africa in the 1960s, its origins go back to the 1910's. One of the most significant policies to have a spatial impact was the 1913 Black Land Act whereby small land areas were set aside for the explicit use of black Africans. What followed was the 1934 Development Trust and Land Act which reinforced the policy of reserves. In the 1930's and 1940's there was an intervention, by the local and provincial authorities, aimed at urban land use patterns. The Social and Economic Plans Board had reported concerns of overconcentration in urban areas and that there was a need for an integrated social and economic policy to influence the settlement patterns in South Africa (Driver & Platzky, 1992). As a result the Council for Development of Natural Resources was set up in 1947 (Driver & Platzky, 1992).

It wasn't until the 1950's where the national government officially entrenched a system of decentralization to growth points through the 1955 Report of the Tomlinson Commission (1952) (Wellings and Black, 1986). The true motives behind the implementation of these policies was to keep

Africans out of the white towns and cities by making the Bantustans more economically viable. Even through the Acts and policies to be explained below, they had political motives that drove its implementation which were racially influenced. And it was through legislation the principle of separate development was formalised.

One of the first processes put in place as an instrument of industrial decentralisation was the offering of positive incentives to industrialists to relocate to growth points. Incentives were offered to industrialists who had the intention of either establishing a new industry or growing an already existing one, and were applied if such an activity was located in a so called 'border area'. Incentives in the 1950's included the following: customs tariffs; electricity and housing; industrial land and buildings; the subsidisation of transport costs; plant and machinery; loans; relocation costs; as well as water costs (Addleson et al, 1986). A number of minor policy changes occurred in the early to mid-1960s, including, inter alia: increased tax concessions to border area industries in 1962; a revised, more lucrative incentive package to attempt to stimulate better results in 1964; and in 1967, the decision to concentrate decentralisation efforts on a limited number of more peripheral decentralisation points (Addleson et al, 1986).

3. The Physical Planning and Utilisation of Resource Act of 1967 and the National Physical Development Plan of 1975

In response to very little improvement in peripheral industrialisation the state developed actions to force decentralisation in the form of the 1967 Physical Planning and Utilisation of Resources Act (PPURA). PPURA limited the amount of land in the metropolitan areas that was to be zoned as industrial use. Another measure was that the state Labour Department had to deal with all Africans as oppose to only rural labour migrating to towns. Lastly the state had ceased all the building of family housing which was outside of the Bantustans/Homelands and started to build housing near and in Bantustan areas (Platzky, 1995; PPURA, 1967). Along with this, a decision was taken in 1968 to allow white capital and investment into the homelands. This had been suggested 16 years earlier by the Tomlinson Commission (1952), but had been denied by the national government (Wellings and Black, 1986). Rather than decentralizing, the employers opted to either close down, employ non-Africans, expand in 'uncontrolled' urban areas, or substitute capital for labour. This was a result of the coercive measures of the policy (Wellings and Black, 1986).

The next key shift in the policy arrived in 1975 with the National Physical Development Plan (NPDP). The NPDP identified points in which growth could and should take place so that development could be directed to those points and so that unnecessary duplication of public services could be avoided

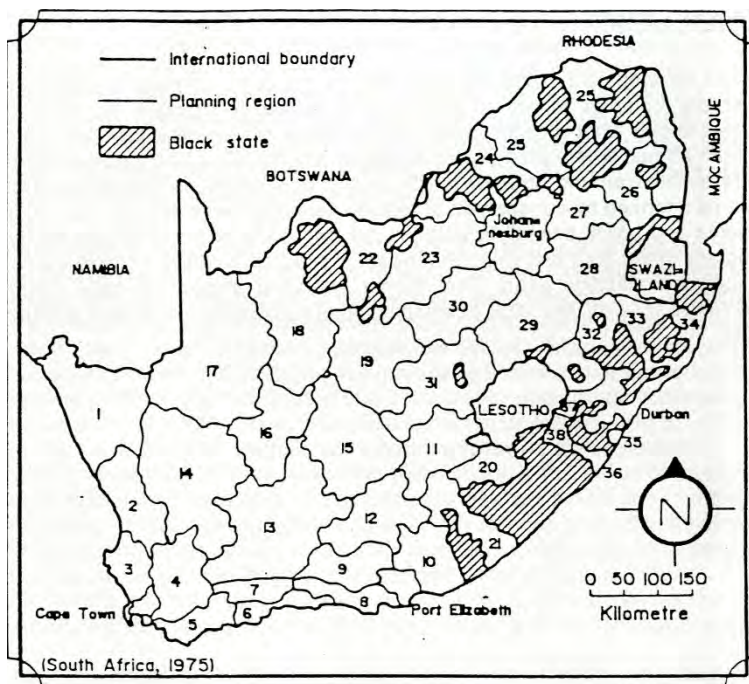
(NPDP, 1975). The aim of the NPDP was to indicate as to what the basic physical development pattern of South Africa would be in the future so as to rationalise the provision of infrastructure. The NPDP highlighted that the pattern of development that was present at the time, concentrated almost all development in the northern and eastern parts of the country, and that this was an undesirable one. In order to achieve the redistribution of economic and population concentration the NPDP made efforts to “develop alternative core centres with advantages attractive to industrialists” (NPDP, 1975: 15).

The National Physical Development Plan (NPDP) – aimed to achieve a new arrangement of settlement planning which was “an attempt to link the development of the national space economy to theories of national and regional development” (Dewar et al, 1986: 365). The plan, for the first time, made the link between the growth pole³ concept and the policy of ID in South Africa. Furthermore, a distinction was made between ‘decentralisation points’ (conventional growth centres in peripheral areas) and ‘deconcentration points’ (growth centres near metropolitan areas) (Dewar et al, 1986). The NPDP defined thirty-eight (38) regions for the country, as well as a hierarchy of settlements for each region, including: metropolitan areas; planned metropolitan areas; growth poles (areas seen as having the potential to develop into independent cities in the future); principal towns; and growth points as well as development axes (Addleson et al, 1968 and NPDP, 1975). The NPDP did promote development in certain regions according to the hierarchy, but the NPDP itself did not specifically offer any form of cash incentives to industrialists for development on those regions. However tax concessions were offered to industrialists. Newcastle was in region 32 and stood to benefit from the tax concessions offered to industrialists.

In adopting the growth pole policy theory of development, it was necessary for there to be a system of incentives to allow the growth poles to exist. The incentive system was for the purposes of overcoming the initial disadvantages of industries in new locations which exist prior to the agglomeration of economies. Usually such incentives are tailored specifically to the needs of the propulsive industry and are only temporary as they would be removed once the growth pole has become self-sustaining and growth processes initiated (Dewar, 1987)

³ Growth Poles refer to a grouping of firms or an industry that generates expansion in an economy. Economic growth from a lead or propulsive firm or industry induces growth in other firms or sectors of an economy through agglomeration- or positive external –economies (Hutchison, 2009).

Map 2: The 1975 planning regions



(National Physical Development Plan, 1975)

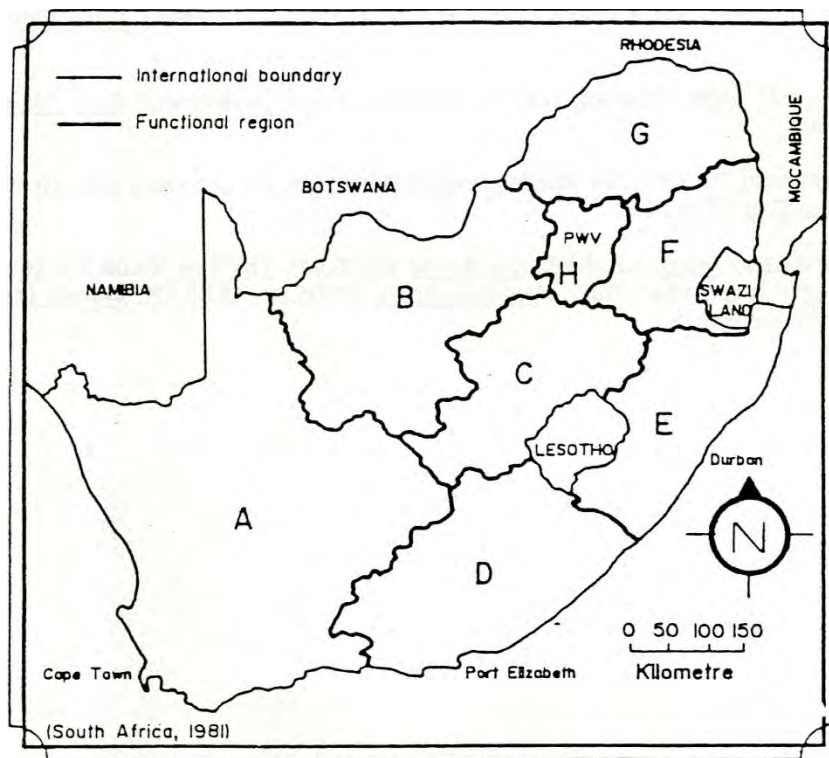
4. The Regional Development Strategy

Following the NPDP of 1975, the next policy shift came with the adoption of the *1982 Regional Development Strategy* (RDS). As a response to the economic recession that was felt throughout South Africa, the government sought to mediate its effects by implementing this policy of industrial decentralisation. Despite the efforts to improve the incentives that came with the industrial policies before the 1970s it had become clear that the policies themselves were not working towards the outcomes that were anticipated (Hawkins, 2010). Some of the problems that were revealed were that the metropolitan areas were becoming weakened by the decentralisation of industries to the homeland areas. This crippled the metropolitan areas as for every 1 job that was gained in the newly created homelands, an average of 9.2 jobs were lost in the metropolitan areas in the period of 1963 and 1973 (Wellings and Black, 1986).

The RDS was an industrial decentralisation policy along with an incentive scheme. The RDS divided the country into 8 development regions A – H (see Map 3) and created industrial development points where there was intent for the creation of alternative agglomeration advantages in order to balance the forces of the existing metropolitan areas and create employment (Department of Foreign Affairs and Information, 1982). It was the first time that the country was treated as a single economic entity (Dewar et al, 1986). The RDS aimed to make efforts to create more of an equal distribution of

secondary industry and to promote development in the less developed areas. The strategy aimed to exploit the full developmental potential of the regions and relevant sectors (DFAI, 1986).

Map 3: The 8 Functional Development Regions



(Regional Development Strategy, 1982)

The transformation to this policy was largely swayed by the state reform that was happening at the time, and government planning officials had come to the realisation that the homeland system was predestined for failure, to which they responded with new criteria for the homeland structures (Hawkins, 2010). The RDS of 1982 which is a RIDP presented incentives for the industrial firms, “the 1982 RIDP incentives were cash grants available to both new and decentralised industry, to compensate for ‘short term’ establishment costs and ‘long term’ locational disadvantages” (Platzky, 1995: 114). The incentives given to the industrial firms were to allow them to be able to become sustainable and ensure sustainable growth in the region amidst the national recession. Newcastle was in the development region E and was identified in the RDS that it would benefit from the incentives offered.

The following are the incentives that were offered in the different regions to firms that wished to establish or expand their existing firm in the region. The industrial firms were given different incentives in relation to what region they were in. The incentives were related to rail rebates, employment, training grants, rentals and interest subsidies, housing subsidies, relocation allowance and price

preference on tenders. In addition, any manufacturing industry which located itself in any of the identified growth points was in line to receive incentives that took the form of cash grants as oppose to tax concession which had characterised the previous ID policy (Driver & Platzky, 1992).

The incentives that were offered to manufacturing firms that located in the ID points were divided into short-term and long-term incentives.

Short-term:

- A wage incentive in the form of a cash grant of up to R110 per month per worker for seven years.
- An interest concession in the form of a taxable cash grant on land, buildings and other assets for ten years.
- Rental concession in the form of a taxable cash grant for ten years.

Long-term:

- Transport rebates of 40 -60% on outgoing goods on all transport modes
- Electricity concession resulting in tariffs equal to the ESCOM (now Eskom) basic tariff.
- A subsidy for housing for key personnel.
- Training allowances over and above the usual 75% tax concession on training expenses.
- Special tender preferences with all government departments.
- Relocating firms had the right to claim relocation costs of up to R500 000 if relocating from the existing metropolitan areas or a foreign country.

(DFAI, 1982; Driver & Platzky, 1992: 6).

Dewar et al (1986), identify three major shifts in the new RIDP policy package from the previous ones.

1. Industrial decentralization was pursued more actively and the incentives attached to the 8 development regions were considerably increased.
2. There was more of an emphasis that was put on the economic viability of decentralization. The first consequence of this was that the whole country was divided into economic regions. It was the first time that where there was any form of economic interdependence between the Bantustans and the rest of South Africa. The second consequence was that the incentives structure was focused on a limited number of points, and the Bantustans had 27 of the 47 decentralization points.

3. And finally, in the metropolitan areas, direct controls were enforced as a disincentive of industrial growth by way of reducing transport subsidies and worker housing to increase production costs for industrial firms in the metropolitan areas.

The change to this policy was largely influenced by the state reform which was taking place at the time. The planners of the government had come to the realisation that the homeland system was destined for failure, and they responded with new criteria for demarcation. Furthermore, there was now economic interdependence of the so called homelands with the rest of South Africa, which was a first (Platzky, 1995).

5. RIDP of 1991 and the Manufacturing Development Programme of 1996

A further RIDP in 1991. This policy was based on the theory of balanced spatial growth for the South African economy. All entrepreneurs of South Africa had the opportunity to qualify for some form of incentives in the establishment of a new industry or manufacturing firm in areas outside of the metropolitan cities. The type of incentives that were afforded to entrepreneurs included the following: an allowance for establishing the firm which was an investment of up to R15 million, however this was subject to the entrepreneur coming up with 35% of the capital investment. A tax free cash allowance, was also given, which was based on profiles for the first three years, as well as the repayment of moving costs for foreign industries of up to R1 million per project (Drewes and Bos, 1995).

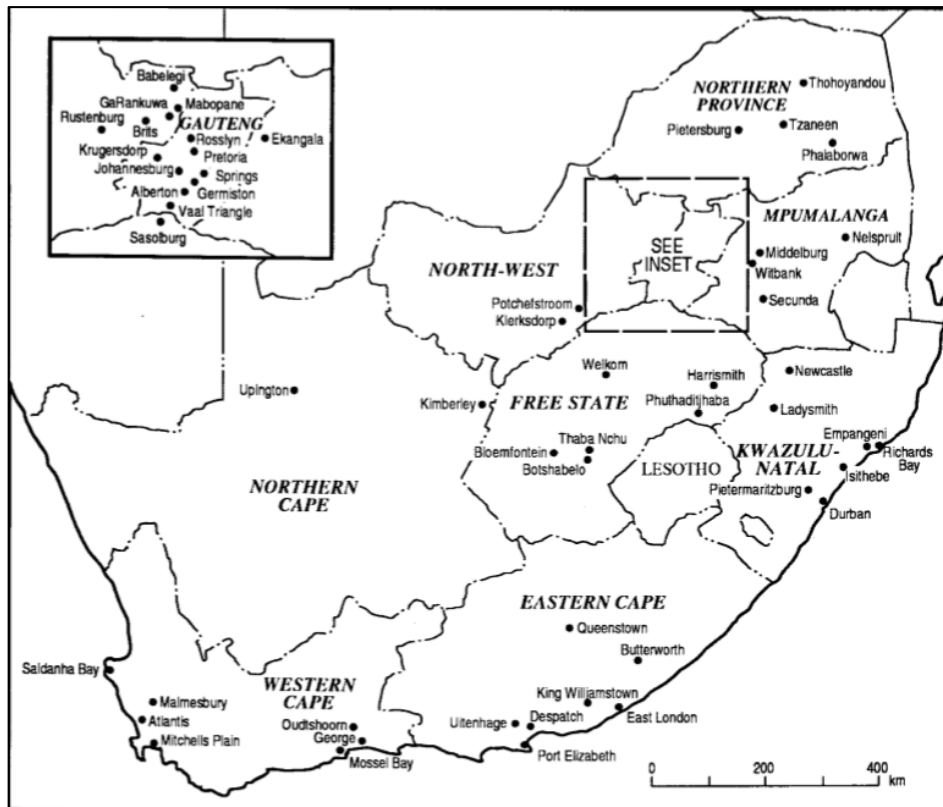
The RIDP of 1991 had aims that were directed primarily at the promotion of a self-sustaining economy and integrated development (Bell, 1997). The RIDP introduced incentives mentioned above to manufacturing firms/plants that were in all centres but which exclude the PWV, Durban – Pinetown and Cape Town metropolitan areas. This policy was different to those that preceded it in that it did away with the objective of giving preferential treatment to centres that were within or in close proximity to the homelands (Bell, 1997). This RIDP offered incentives that were graded across different areas in the country (Driver & Platzky, 1992). The spatial application of the incentives of the RIDP of 1991 had three levels: the Gauteng Complex and Durban Core area would receive no incentives for development of industry, whereas new industrial development in the Cape Peninsula, Durban/Pinetown/Pietermaritzburg and Durban functional region and outer Gauteng region would receive 60% of establishment allowances and 100% after 2 years and finally the rest of SA was entitled to 100% of the establishment allowance (Drewes and Bos, 1995). The new RIDP of 1991 down-played the Bantustans and tried to economically integrate a politically divided country

Following a review of the 1991 RIDP and its spatial as well as social and economic impact, the first policy that came out of the newly democratic country was the *Manufacturing Development Programme* (MDP) which came in 1996.

This MDP policy goals were directed towards replacing the preceding decentralisation programmes (Hawkins, 2010). Its objective was to “jumpstart new investment in the South African manufacturing sector” (Rogerson, 1998: 192). The significant variances in this policy was that of a tax nature in that the large new businesses would potentially get tax holidays for up to six years as an incentive. The incentive was based on three components; a human resource component, an industry component and a spatial component. If all the conditions of all three components were met then the enterprise would qualify for the tax holiday (Rogerson, 1998). In this policy, as opposed to the preceding programmes which divided the country up into regions of development, this one identified locations i.e. towns/cities that would benefit from the programme. Just as the previous programme, this programme was also geared towards moving away from providing incentives to establishments that were near Homelands or Bantustans (Rogerson, 1998). The spatial bias in this policy was that it explicitly identified 57 towns which qualified for tax holidays, all other areas not mentioned in the programme did not qualify (See Map 4). The map indicates that Newcastle was one of the towns to benefit.

“Overall therefore, the MDP, to a large extent, continues a trend which began in 1991 of removing assistance which the state was formerly providing to poor areas and communities which were historically disadvantaged” (Rogerson, 1998: 198). For the programme to have job creation as one of its main objectives, it certainly did the opposite when it came to the removal of incentives in the Bantustans where many lost their jobs (Rogerson, 1998).

Map 4: Map showing the areas in which manufacturing firms would receive tax holidays under the MDP of 1996.



(Rogerson, 1998)

6. The Municipal Systems Act of 2000 and other planning initiatives

The year 2000 marked the implementation of the Municipal Systems Act 32 of 2000. This policy introduced a huge shift in spatial planning in South Africa as it meant that planning was no longer the sole responsibility of the national government but also of local governments. With the introduction of the Municipal Systems Act 32 of 2000, there was a greater ability for the local municipalities to have more of an impact on their region. This Act mandated all local municipalities to develop Spatial Development Frameworks (SDF) for their municipal areas including the direction the municipality wished to go, in terms of social, economic and environmental goals and objectives as well as how to achieve them. The Act sets out the bodies and persons to whom powers can be delegated.

There have been numerous programmes, plans and initiatives that were implemented post 2000 that also have an impact on the urban planning and the spatial structure of South Africa, and a few are mentioned below.

6.1. Industrial Development Zones

Industrial Development Zones (IDZ) are a form of spatial targeting that was introduced in South Africa through the SDI programme but were only implemented in 2000. The IDZs were not seen as a regional policy. IDZs are “purpose-built industrial estates geared for duty-free production for exports, and they play a hugely important role in South Africa’s macro-economic policy” (ECDC, 2015:1). IDZs were a way of promoting industrial development and were intended to attract foreign direct investment and export value added commodities. Currently South Africa has four IDZ’s of which two are in the Eastern Cape: in Port Elizabeth (Coega IDZ), East London (ELIDZ), Richards Bay (RBIDZ) and in Gauteng (OR Tambo International Airport). They are attractive because of their association with the adjacent location of airports or ports and good basic infrastructure (Tang, 2008).

The IDZ policy was unsuccessful and many agreed so as well (Todes, 2013) only three of the four are operational. It became apparent that regional development was not a strong focus in the policy, the investment from government was by far the largest compared to the private investment. And seeing as the objective was to acquire more private investment it was unsuccessful. There were very poor linkages amongst firms locally and this is an aspect that needs to be strong and entrenched in the local economy in order to make this approach to spatial targeting a success (Todes, 2013).

6.2. Spatial Development Initiatives

It is noteworthy to mention the Spatial Development Initiatives (SDI). “The Spatial Development Initiative (SDI) program was conceived by the Cabinet in 1995 as an attempt to improve the functioning of government in targeted regions of the country, particularly in those areas where the greatest potential for growth exists” (Jourdan, 1998: 717). The intent behind the SDIs was to improve infrastructure through targeted interventions to facilitate new investment which will lead to sustainable job creation and a generation of wealth in the particular area. It was basically a project approach which relied on the ‘trickle down’ effect from anchor projects to encourage regional development (Todes, 2015). SDIs had a mixed approach in that it draws at one level from ‘bottom-up’ regional approaches as well as having elements of the ‘growth pole’ approach. SDIs were a form of spatial targeting which came to have an impact on the spatial structure of South Africa and had an impact on regional growth. There are eleven SDI’s in South Africa which include, amongst others, the Maputo Development Corridor, Gauteng Special Economic Zones, Richards Bay SDI, Fish River SDI, Pietermaritzburg and Durban nodes. The SDI programme was intended to create an environment that is conducive to investors in order to stimulate direct domestic and international investment (Jourdan, 1998).

The SDIs were seen as a way of ‘fast tracking’ development in certain locations by the removal of the bottlenecks to investment and the identification of major projects which would ultimately result in greater largescale private sector investment in that particular region (Harrison et al, 2008). They were used as a tool for regional development through the aforementioned spatial targeting and creating development corridors. De Beer (2001) identifies 6 key principles and strategies that underpin the SDI approach of which in his opinion contributed to the programme being a success. They are:

- *Co-operation, collaboration and integration in terms of economic policy and strategy*
- *The promotion of development corridors rather than transportation routes*
- *Greater regional competitiveness via regional integration and collaboration*
- *A far greater emphasis on the role of the private sector*
- *Institutional collaboration (vertical and horizontal)*

SDIs which dealt with the upgrading and development of existing transport and development corridors inadvertently feeds off the idea of Hirschman (1958), who believed that the best way to reduce the negative effects of polarization is not to set up compensatory poles but to rather foster the ones that already exist so that they can trickle down and increase the attractiveness of the underdeveloped or potentially rich areas so as to increase the possibility of the trickle down.

6.3. Strategic Integrated Projects

Under the Nation Infrastructure Plan (2012), 18 Strategic Integrated Projects (SIPS) were developed. These SIPS cover the social and economic infrastructure throughout all the nine provinces and put more emphasis on the provinces that are deemed to be lagging. These SIPS include catalytic projects which are meant to fast-track development and growth (SA Government, 2015). Such projects include the unlocking of economic opportunities in the Northwest through acceleration of investment in roads, rail, bulk-water, and water treatment and transmission infrastructure. As well as the development of the Saldanha-Northern Cape Development Corridor and the South –Eastern node & Corridor Development. The point of these and other SIPs was to improve these areas as they were seen to be lagging (SA Government, 2015). All of the above programmes and initiatives have had and continue to have an impact on the spatial economy of South Africa.

Currently, the most relevant national planning document is the National Development Plan 2030 (NDP) that was released by the National Planning Commission in 2011. This plan has the overarching goal to “eliminate poverty and reduce inequality by 2030” (NPC, 2011: 24). The plan emphasises the importance of the spatial dimensions that will have an effect on development and exclusion, such as location and quality of the physical environment.

Chapter 8 of the NDP deals with the space economy in which they identify that the national space economy needs to be understood in term of the Southern African sub-region. The NDP highlights the importance of SDI's in supporting transnational corridor development. It also speaks to finding interventions that will tackle issues of poverty and reducing logistic and communications lines. The NDP mentions that by 2030 "a perspective on changing settlement patterns must consider the distribution of, and threats to, natural resources, and the spatial implications of the emergence of green technologies and green economies" (NPC, 2011: 262). The NDP proposes spatial targeting that concentrates on corridors, nodes, rural zones, special intervention and green economy zones amongst others (NPC, 2011). The spatial targeting will be designated by the national government, furthermore municipal authorities must designate areas in their local areas for special attention (NPC, 2011). The NDP further says that municipalities have the responsibility of setting up transformation zones which would act as catalysts for urban integration and densification (NPC, 2011). The said projects must cement links between peripheral townships and urban cores, develop growth magnets on large sites and regenerate run-down inner city areas (NPC, 2011). The national spatial framework is primarily concerned with national development and provides broad principles for local and provincial development.

6.4. New Regionalism

New regionalism has embedded itself in a number of South African national and regional policy, it can be found in the National Spatial Development Perspective (2003; 2006; 2007) (NSDP) and in the planning of the Gauteng City Region as the province has objectives of making the Gauteng Province a city region which is competitive globally (Pillay, 2004; Rogerson, 2009).

What is at the forefront of new regionalism is the emergence of economic and political organisation regions that can compete globally. These regions are characterised by the agglomeration of factors of production, labour and services and are in clusters.

Spatial targeting is a concept that is familiar in South Africa in terms of RIDP in apartheid and several policies such as SDIs, IDZs and UDZs in the post-apartheid era. More of the initiatives in the post-apartheid era that are related to spatial targeting have been relatively short- term and thus the impacts have been short-lived. The spatial targeting in South Africa are largely government-led initiatives and consisting of few to none involving collaborations from the private sector (Todes, 2013). Todes (2013) is of the belief that for spatial targeting to be successful " it is important to be selective and focus stretched capacities and energies on a limited number of places" (Todes, 2013: 49) she feels that it is imperative that only the areas that have a "real" chance to be successful are given the

resources and efforts necessary. The “political desires” that want to include areas with little chance of success are huge risks for the economy and success of the programmes.

7. National Local Economic Development

Local Economic Development (LED) in South Africa is a fairly new concept in the global context. In the late 1980’s and early 1990’s LED interventions in South African urban areas were characterised by a pro-growth/ market-led approach which focused on inward investment, place-making, development of hard infrastructure as well as a property-led regeneration. It was followed by a second wave with an approach that focussed on supporting the local enterprises such as small business and retaining businesses. The last approach to LED prior to 1994 was a more determined attempt to ‘place-market’ a particular municipality (Madell, 2011).

After 1994, at the coming to power of the new democratic government, the Department of Provincial and Local Governance (DPLG) mandated for a LED policy which was centred on a pro-poor approach with regards to LED interventions. The pro-poor approach was brought forward into the early 2000’s, it was headed by a document titled Refocusing Development on the Poor (2002). The focus of this document and the pro-poor approach was to alleviate poverty (Madell, 2011). It was followed by the Draft National Policy and Strategy for Local Economic Development (2004) which represented an approach that was market oriented. This approach had also put more responsibility on the state to play a bigger role in creating an environment that is conducive to economic development. The strategies that were identified in the 2004 document were: focusing on developing marketing initiatives that focus of investment promotion, assisting the targeted growth centres, support services for small businesses (i.e. SEDA⁴), tailoring for training and labour placement to the local labour market conditions, capacitating and transformation as well as better integration between all spheres of government (Madell, 2011: 12).

The latest LED framework in effect in South Africa is the National Framework for Local Economic Development in South Africa 2006 – 2011 (2006). The aim of this document was to build an understanding of good LED practice and to motivate for better implementation. There are ten principles which are identified in the National LED framework (2006) they are:

- Through a developmental approach, Government has a decisive and unapologetic role to play in shaping the economic destiny of our country.

⁴ The Small Enterprise Development Agency (Seda) is an agency of the Department of Small Business Development. It is mandated to implement government’s small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government (SEDA, 2015).

- Creating an environment in which the overall economic and social conditions of the locality are conducive to the creation of employment opportunities is the responsibility of Local Government.
- Local Economic Development is an outcome of actions and interventions resulting from local good governance and the constant improvement and integration of national priorities and programs in local spaces.
- Inward investment from the state or private sector will only be effective where the potential and competitive advantages of each area are known and exploited.
- Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government centred on the application and localisation of the principles espoused in the National Spatial Development Perspective (NSDP).
- Locally owned appropriate solutions and strategies must emerge to support national frameworks in both rural and urban local spaces and should promote sustainable development and sustainable human settlements.
- Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies.
- People are the single greatest resource and including all citizens in development and increasing their skills leads to increased opportunities for stimulating local economies.
- Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies and will shape local spaces.

The document highlights two key policy directions, the first is towards public sector governance and the second is towards a programme for sustainable community investment. This document is in line with an approach that is more pro-market (Madell, 2011). The LED policy in Newcastle leans towards a mixed approach in that they have strategies that are geared towards large formal sectors and small businesses and the informal sector. Chapter 6 will shed more light on the LED strategy of Newcastle.

8. Conclusion

In South Africa there have been many different ways of addressing regional development. Prior to, and very much post 1960's up until the end of apartheid, racially and politically motivated policies were the ones that had an impact on the settlement patterns of South Africa. Planning was done at a national level and the provincial and municipal levels had to follow the direction that was put forward by the national government. Although the local and provincial authorities had some role to play in planning prior to 1948 (the start of apartheid), the national government came in to direct local

planning for apartheid reasons, as they did not trust the local municipalities to implement apartheid policies.

Under apartheid, the urban and regional powers were largely concentrated at national level. Post 1994 with the arrival of the new Constitution (1996), powers were allocated to three spheres of government, and with this powers to plan at Provincial and local level were significantly increased. South Africa's planning has shifted from being only the concern of national government to the concern of local municipalities. There were various attempts by the apartheid government to shape the national space economy in the interest of racially separate development, through combinations of incentives and controls, were largely ineffective. In most cases the growth poles and growth points identified only attracted economic activities while incentives were in place and declined when those subsidies were later removed.

The RIDP in 1991 had considerably changed the nature of incentives in that they were essentially removed as now they were more related to profitability and had de-emphasized employment creation. Bell (1997) argues that the baby was thrown out with the water, as a result of much criticism (from the P.O.E) of the previous RIDP the national government saw it fit to change policy and do without incentives which were about cash grants. It is with this removal of incentives that many of the growth points suffered economically. Newcastle is a special case in that unlike most of the other growth points it was able to continue to grow economically although incentives had been rescinded. And it is for this reason why Newcastle is considered a unique case and worth researching in this dissertation. The next chapter will go into the impacts that the national policies had on the economic development of Newcastle.

Chapter 5: THE IMPACTS OF NATIONAL ECONOMIC PLANNING ON NEWCASTLE PRE-1994

1. Introduction

This chapter is about the development of Newcastle and how it grew from a town that was economically based on a single industry to a town that has diversified its economy through various interventions by different levels of government and by private companies, local and international. This chapter will discuss the rise and decline of the economy and what the cause of those changes in the economy were. It will also discuss key drivers of the economic development or restructuring of the economy, from the 1970's boom to the economic crisis in the 1980's as well as the most recent economic changes in 2008/9. This chapter will also show the shifts in the economy between the different sectors of the economy and how some sectors that used to be the backbone of the economy are no longer prominent in the town. Newcastle is now home to a number of well-developed economic sectors including Agriculture, Coal Mining, Industrial and Manufacturing (Newcastle Municipality, 2015).

Newcastle is the 3rd largest city in Kwa-Zulu Natal after Pietermaritzburg and Durban. It is located in the north western part of Kwa-Zulu natal and is within the Amajuba District which comprises of three local municipalities namely: Dannhauser, eMadlangeni and NM. Newcastle is currently the heart of the Amajuba District (*See Figure 1*). Newcastle is a town whose development has been heavily influenced by state intervention through factors such as forced removals, its selection as a growth point, the Regional Development Strategy and other relevant policies of industrial decentralisation under the apartheid government administration between the 1960s and early 1990s (Todes, 1999; Hawkins, 2010). Its significance for this research is that it was one of the very few incentivised 'growth points' to benefit from national economic planning in the apartheid period and which continued to develop after these incentives were removed. The details of these national policies were covered in Chapter 4 and Newcastle's further development after 1994 is covered in Chapter 6. This chapter and the next answer the research question: can planning play a role in urban development.

Figure 1: Newcastle within Amajuba District

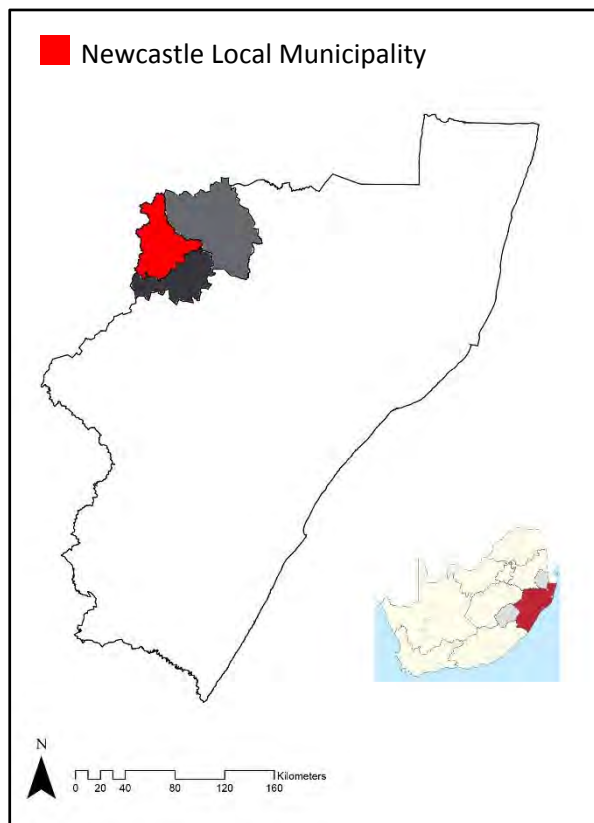


Figure 1: Newcastle Local Municipality within the Amajuba District.

2. Newcastle up to the year 1969

The town was established in the year 1854 when there were some 5000 British settlers who arrived in the colony of Natal and settled the Buffalo Border region and up into the northern Natal area. Dr P.C Sutherland, the surveyor general of the colony had set up the township that was later registered as Newcastle, named after the Secretary of Colonies. In 1876 Fort Amiel was built, the authorities decided to put the fort on high ground that would overlook the drift in order to prevent threats from the Zulu Kingdom. (Newcastle Municipality, 2015).

In the 1890s certain events informed the town and the direction in which it was to head. The increase of traffic and demand for a better improved transport led to the introduction in 1890 of the railway with passenger trains and later on a goods train. In 1891 there was an extension of the railway through to Laing's Nek and to Charlestown which is approx. 30km north of Newcastle. In the same year came the proclamation of a Borough, since the discovery of coal mining in 1865 had brought prosperity to the region (Newcastle Municipality, 2015). The Anglo-Boer War happened in 1899 and Newcastle was used as a trading post as well as a stores depot during the war (LED, 2007).

At the start of the 20th century the population of Newcastle was relatively low with 2950 people recorded and by the beginning of the National manufacturing boom it had a recorded a population of

17554 (Hawkins, 2010) (*See Table 1*). The manufacturing sector boom in South Africa started in the 1960's whereas Newcastle had experienced a boom the following decade as a result of the establishment of Iscor. This will be discussed further in the next section. The manufacturing output in the country had grown from R1 billion in 1960 to R1.7 billion 5 years later. The 70% growth in 5 years had been accompanied by many newly created jobs within the manufacturing sector (Platzky, 1995). The manufacturing sector clearly had a significant impact nationwide and it could be said that if there was growth to arise in a town it was due to the manufacturing sector.

Table 1: Population Growth Rate 1904 - 1980

Year	Newcastle Population	Growth Rate (% p.a.)
1904	2950	
1911	2886	-0.3
1921	4258	4
1936	4945	1
1946	10001	7.3
1951	13281	1.9
1960	17554	3.1
1970	46805	10.3
1980	243483	17.9

(Adapted from Hawkins, 2010)

The boom in the 1960's in South Africa was attributed to the many issues that were complex in that at the time there was much political turmoil. After the Sharpsville Massacre, which left 67 anti-pass law black protestors dead, there was a widespread suppression by the state of organisations and activists. This led to the drop in the Johannesburg Stock Exchange (JSE). However the State of Emergency which was subsequently declared, for a number of reasons had reassured investors and thus came growth (Platzky, 1995). The boom was also to some point kick-started by the actions of the Prime Minister H.W Verwoerd when he delivered a statement in 1960 which was about new industrial centres near Bantu areas, stating that the population in those areas would serve as labour and in turn find a means of livelihood in those Bantu areas (Platzky, 1995).

Newcastle can be characterised as having slow growth until the 1970s both economically and with regards to population. Kwa-Zulu Natal (KZN) was a region of early focus when it came to the forced removals programme because of the frequent occurrence of black spots⁵ located on land with mining potential. Growth of population in Newcastle grew exponentially during the 1970s, due to the forced removals to newly created Newcastle townships of eMadadeni and eOsizweni⁶ (Todes, 2011) (See Table 1) (See Figure 2). People were removed from various places such as Charlestown, Utrecht, Volksrust and parts of Newcastle. There had been no land that was reserved for Africans in Newcastle West, however there were individual Africans and African organisations that were able to purchase land which was subsequently 'released' in terms of the 1936 Native Land and Trust Act and earmarked for removals in these areas that had been labelled 'black spots'. The people living in these areas had been removed under the Group Areas Act (Todes, 2001).

Figure 2: Newcastle in relation to Townships

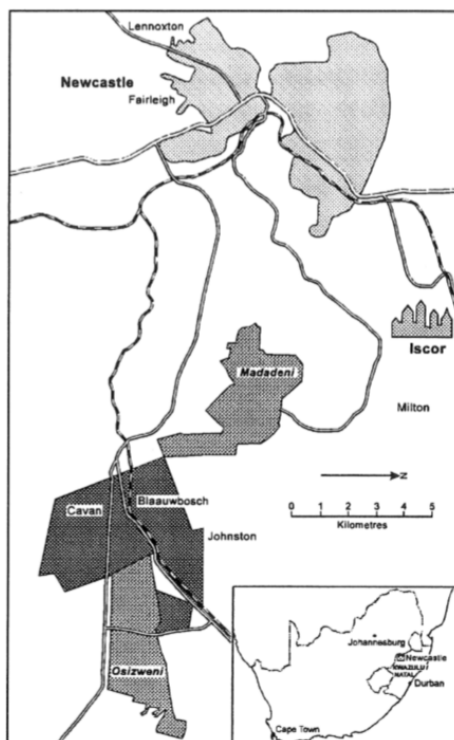


Figure 2: Location of Newcastle in relation to places mentioned in the text.

(Source: Todes, 2001)

The establishment of a company in 1928 called South African and Steel Industrial Corporation (IsCOR) became significant later on in Newcastle. The company had initially based most its investments in the Gauteng Province (GP) and major IsCOR developments were centralised in this region. Establishment

⁵ A 'Blackspot' was an area of land in which blacks lived in freehold. The Blackspots were bought legally by blacks, either as individuals or as groups, before apartheid legislation made it illegal to do so.

⁶ eMadadeni and eOsizweni are within the Newcastle Municipality but is often referred to as 'Newcastle East'. The rest is often referred to as Newcastle West which is the main town.

of Iscor in South Africa was an attempt to develop an iron and steel industry in South Africa (Todes, 1997). This led to growth being limited in Newcastle because it was being side-lined in terms of the iron and steel industry nationally, which was the reason for slow growth in Newcastle until the 1970's.

In the early years prior to the 1960's, Newcastle's development was shaped largely by coal mining and agriculture. While coal mining was never as important to Newcastle as it was to some other areas within the region, it was a 'location factor' in the early development of their iron and steel industry, and in the establishment of the Ngagane Power Station in 1957(Todes, 1999). It was the establishment of Iscor in Newcastle in 1969 that set off rapid growth in the town of Newcastle. In the next section the establishment of Iscor will be discussed in further detail.

3. Here comes the boom 1969 – 1977

As the population of Newcastle was already on the rise in 1960 - 1970, in conjunction with forced removals it seemed that now the economy of the town was finally catching up. The population was doubling in the town and tripling in the townships due to the removals as well as industrial development. Following the selection of Newcastle as a growth point in the 1960s an Iscor iron and steel production plant, which employed approximately 13000 people, was established in Newcastle in the year 1969 which resulted in the rapid economic growth (Todes, 2001). The establishment of Newcastle Works (Ischor) in 1969 was the first big economic change for the town mainly because of the reasons as to why it was located in Newcastle, what came about as a result of it being located there and the impact it had on the town. Iscor had existed in South Africa (Pretoria) since its inception in 1928. The company was established as a state company in terms of the Iron and Steel Industry Act No. 11 of 1928, and was founded as a statutory parastatal. The first plant was in Pretoria and its objectives were to produce iron and create employment opportunities (Arcelor Mittal, 2015).

World War II (1939 -1945), brought about a vociferous increase in demand for steel and thus Iscor saw it necessary to expand. The South African Government thus decided that Iscor's 3rd fully integrate steelworks be established in Newcastle (Arcelor Mittal, 2015) and this was linked to the selection of the region as a Growth Point. This was to become an important turning point for the economy of Newcastle. A 'black spot' by the name of Milton was cleared in order to make way for the establishment of Iscor (Todes, 2001: 71). The selection of Newcastle was attributed, according to the company, to the decentralisation of industry away from Gauteng and to bring development to Kwa-Zulu Natal. There were a number of reasons as to why Iscor was located here and will be discussed further in the coming paragraphs.

The fact that Iscor was a parastatal organisation meant that the state had much power in the decision of the physical location of the firm. The selection of Newcastle as a national growth point by the government was another example of how the state used regional policy to reshape places spatially to be in line with the Apartheid agenda. "The industrial decentralisation to growth points on the borders of the homelands was promoted as a means of keeping blacks out of "white" South Africa" (South Africa, 2015:1). As with many of the rationales for achieving apartheid goals this was disguised or presented in the form of regional economic development. The idea was to develop Newcastle as a way of containing the existing metropolitan areas and to generate employment that would be located near the so-called homeland areas. The development of Iscor was envisaged as a way to strengthen the development corridors between Johannesburg and Durban as well as the Orange Free State Goldfields and Richards Bay (Todes, 2011).

The town was therefore seen as developing around the Iron and Steel industry, as an area of new industrial agglomeration. The Natal Town and Regional Planning Commission had plans to promote the Tugela Basin and this development of the iron and steel industry was a vision that was in line with the plan of the planning commission (Todes, 2011). Another large contributor to the decision taken for locating Iscor in Newcastle was because of the Tugela Basin which, provided the source of water and the close proximity of labour in the region to the establishment of Iscor.

Todes (2001), believes that the decision to locate Iscor in Newcastle was very much a top-down approach, however to a degree this ignores the extent to which interests at both provincial and local levels were able to influence that decision in their favour. Interviews that were conducted in the late 1980's with officials of Iscor revealed that the decision to locate Iscor in Newcastle was presented as a political one, to provide jobs for Africans in or near the homeland areas, however this was a disguise for the interests of Iscor. The location of Iscor in a border area allowed the company to avoid racial job reservations and evade the white unions who could resist the move to Newcastle (Todes, 2001).

Within the business community the development of Iscor in Newcastle did not make much sense, and it came as a surprise to them as the preferred choice for its location seemed to be either Saldanha Bay or Richards Bay (Financial Mail 28/6/68 in Todes, 1997). However a few of the reasons seemed to be that Newcastle had a larger potential labour force than those towns. Another reason was that of the availability of a colliery with some of the mines were owned by Iscor, as well the existence of the Amcor plant with a blast furnace which Iscor would take over in years to come. This would save the company millions in the development costs and thus made for a better case to locate in Newcastle (Todes, 2001).

The proximity of Newcastle to Gauteng became important because of the market concentrated in Gauteng. Politicians also pushed their agendas on the establishment of Iscor in Newcastle to benefit themselves from the location. Willie Maree, a Member of Parliament (MP), lobbied for the development of Iscor in Newcastle to materialize as this was to strengthen his position in the Nationalist Party (NP). Additionally, as KZN was a predominantly English speaking province and the base for the Union Party (UP), locating Iscor here in Newcastle would increase the presence of the NP and the Afrikaner people (Todes, 2001).

3.1 Declaration of Newcastle Region as a Growth Point

The declaration of Newcastle as a Growth Point in 1960 was instrumental in the boost of its economy. This government intervention in the form of the establishment of the parastatal Iscor in Newcastle, played a huge role in the growth of the town's economy. In the period of the 1970's the number of industrial firms more than doubled and industrial employment almost quadrupled (*See Figure 3*). By the year 1980 the manufacturing sector was the most important sector in the local economy in that it generated 34% of the formal employment and 29% of output (Todes, 2001).

The rapid growth was not only attributed to the manufacturing sector as there was evidence of rapid growth that occurred in the commercial, financial, transport and services both in employment and output. At this point in 1970 Newcastle's population had grown by 10.3% in 10 years and was sitting at 46 805 at the beginning of the 1970's. This was largely due to forced removals and displacement of farms, and clothing firms that had relocated from Charlestown (a town that sits between Volksrust and Newcastle) to Newcastle as well as the establishment of Iscor (*See Table 1*).

Newcastle had become the new area for industrial clustering, centred on the iron and steel sector. Towards the end of the decade in 1977 the manufacturing sector had become the town's most significant sector and it accounted for 34 % of formal employment and almost 50% of output (Hawkins, 2010). However this was about to take a turn as a result of the international markets.

The manufacturing boom was evident in the amount of newly established firms in the metal products industry. By 1976 in the height of economic growth, there were 13 firms in the metals business of a total of 56 firms in Newcastle's manufacturing sector. This total had grown from 29 in 1970, there was a drastic increase of firms and particularly in the metal production industry (*See Table 2*).

Table 2: Industrial Development in Newcastle⁷

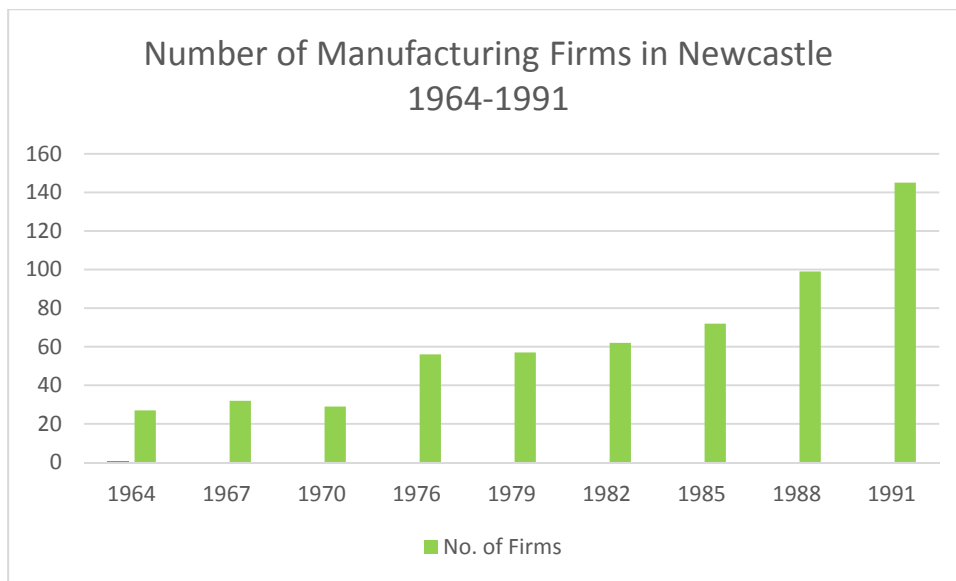
	1963/4	1967/8	1970	1976	1979	1982	1985	1988	1991	
No. of Firms	27	32	29	56	57	62	72	99	145	
Type										
Food, Beverages	8	8	7	7	7	4	8	12	11	Exponential Growth
Textiles	5	7	6	8	10	8	5	15	41	
Chemicals, Rubber	3	3	3	2	2	3	3	4	4	
Non- Metal	4	3	3	6	5	4	9	10	13	
Printing	1	2	2	3	3	4	3	5	7	
Basic Metals	2	1	1	2	2	3	3	2	1	
Metal Products	2	2	2	13	11	14	18	20	22	
Transport equipment, motor parts	3	3	3	5	5	7	6	4	6	
Machinery	0	2	2	4	6	7	8	12	16	
Wood, furniture	0	0	0	3	3	4	5	7	8	
Other	0	1	0	3	3	4	4	9	13	
										Significant Changes

(Adapted from Todes, 1997)

The above table tells the story of how the boom of the 1970's impacted in the opening of many more firms as mention earlier in the chapter. The above table shows a breakdown of the industries that were established in their different sectors. It is important to note are the shifts that happened between the years 1976, 1988 and 1991. In 1976 during the period of the boom in Newcastle the manufacturing of metal products dominated the firms that were established. By 1988 it was the textile industry that showed signs of escalation in that 15% of the number of firms in Newcastle were textile firms and it grew in three years, to 1991, to having 28% of the firms which was the most for any sector in Newcastle. This showed that the manufacturing sector was no longer dominated by the metals industry alone but rather by the textile industry. It was from 1985 when the number of firms started to grow exponentially so that by the years 1985, 1989 and 1991, the firms established were 72, 99 and 145 respectively. The manufacturing sector also showed more diversity which, by 1991, showed increases in non-metal, machinery and food/beverages production firms in Newcastle.

⁷ Industrial development information post 1991 is unavailable due to the re-categorization of fields in the subsequent Census' conducted.

Figure 3: Number of Manufacturing Firms in Newcastle 1964 - 1991



(Adapted from Todes, 1997)

Towards the end of the boom the manufacturing sector had established many firms and as a sector in Newcastle it was contributing the most towards GGP, manufacturing was contributing towards almost half of the GGP at 49.6% (See Table 3). The manufacturing sector was clearly the one to which Newcastle was dependant on, in that if this sector was to fail, then the economy of Newcastle would suffer and most likely collapse.

Table 3: Composition of GGP⁸ in Newcastle from 1970 to 1991 (%)

Sector	1970	1980	1991
Agriculture	1.8	2.1	1.6
Mining	7.9	4.6	7.1
Manufacturing	23.6	49.6	39.4
Electricity	47.4	10.3	9.7
Construction	1.4	3.9	3.5
Commerce	5.3	8.7	7.9
Transport	3.2	3.2	6.6
Finance	3.7	8.2	9.9
Services	5.7	9.4	14.3
Total	100	100	100

(Adapted Todes, 1997)

⁸ Gross Geographic Product is the same as a GDP of a country. It refers to any geographic area in which economic activity can be clearly delineated and defined (NSDP, 2006).

4. The economic restructuring of Newcastle 1978 - 1990

This period starts from the decline in the local economy and in particular the changes in the manufacturing sector of Newcastle. Although the previous decade had shown that some important state planning and intervention had led to rapid economic growth in Newcastle, this changed considerably in the 1980s. The boom that was planned for had happened, however it did not last and it was not as great as expected (Todes, 2001). The slow-down in manufacturing of metals in Newcastle had already begun towards the end of the 1970s (1976 -1979) where there were several international pressures, such as the imposition of sanctions, which affected the fortunes of Iscor in Newcastle.

There was correspondingly a recession in the global and local markets, as well as changes in the demand for steel. "The crisis in the international steel industry was exacerbated by the development of substitutes for steel, such as aluminium and plastics" (Todes, 1997:222) which resulted in international overproduction, a series of technological innovations, retrenchment and competitive cost-cutting in the industry. Iscor had to move towards the international markets and in the name of productivity had to restructure. Because of the rationalisation in the early 1980's (Iscor downsizing and restructuring towards greater productivity) it had effects on the linked and services industries and suppliers, thus by the year 1985 employment in the manufacturing sector had dropped by approximately 4000 jobs (Todes, 2001). Despite all the impacts of the international economy with regards to metals manufacturing, by 1982 the number of metals firms in Newcastle began to increase although not as significantly as the period 1970 -1976.

Notwithstanding the establishment of Karbochem (a South African manufacturer of various types of synthetic rubber) in 1982, Newcastle felt the effects of the retrenchment of 1750 workers from Iscor and within a three years over 2500 people had moved out of Newcastle and by 1984 there were more than 600 houses standing empty. Most of the people that moved out were white workers who were mobile and a few outside migrants. Although there was a drainage of workers from Newcastle there was an increase in the population in the eMadadeni 'township' which was growing at 5% per annum during 1985 to 1991 whereas the rate of increase of employment opportunities was only 0.61% per annum (Metroplan, 1997). The population increased due to the employment centre in the eMadadeni industrial estate where many residents and migrants moved to work.

This resulted in the structural contraction and recentralisation of the metals industry, Newcastle was experiencing an economic recession and the decline in the metals industry had an impact on associated industries and the service sector of Newcastle along with the withdrawal and re-shelving of the plans to further develop Iscor (Hawkins, 2010). Newcastle had proved to be poorly located as its outputs were export oriented (Todes, 2001).

But the economic crisis and the decline of the metals industry in Newcastle had allowed the emergence a new pattern of low waged industrialisation. Clothing and textile industries were driven, by the new Regional Development Strategy of 1982 (RDS), to the peripheral regions away from the metropolitan areas within South Africa, and more industries relocated from Asia to Newcastle. This was all due to the response to economic decline, but through the national RIDP there were several rounds of state supported developments which assisted in preventing economic collapse of Newcastle. It allowed for a level of diversification. Such developments in Newcastle were Karbochem in 1982 and AECI⁹. Although these companies experienced losses in the 1980's, the investment proved to be too great to relinquish. Following the decline in employment in the 1980s in the metals industries, there was an emergence of Asian clothing firms, largely Taiwanese clothing and textile industries relying on low wage labour (Todes, 2001).

The growth, as mentioned above, was supported by state industrial policy such as the RDS of 1982. The movement of Asian firms to Newcastle was part of a wider pattern of relocation to other countries as the wages in Taiwan had risen rapidly in the 1980's (Hart, 1996). Thus moving to areas such as Newcastle allowed the industries to lower their labour costs and evade labour unions and/or organisations in cities (Todes, 2001). The introduction of the 1982 RDS incentivised the new wave of industrial growth. Newcastle had become one of SAs most significant centres of Taiwanese clothing and textile production (Hawkins, 2010). Taiwanese investment created the most significant growth and investment in Newcastle during this period.

As a response to the economic decline there were forms of state intervention which were to prevent the economic collapse and allow for a level of diversification and the consolidation of Newcastle as a regional service centre (Todes, 2001). This RIDP policy was a key contributor to the prevention of an economic collapse of Newcastle. The Regional Development Strategy of 1982 is explained in further detail in chapter 4 of this dissertation.

During the 1980's South Africa was experiencing a state of crisis, not only economically but also politically. As a result of the sanctions that were imposed the country, the economy was being crippled to some degree as there were many anti-apartheid movements that were placing pressure on the South African government (Pickles and Woods, 1989). "With the imposition of sanctions and the threat of further boycotts and withdrawals by Western interests, trade with the fast-growing Asian and Pacific Rim countries has become more important economically and politically" (Pickles and Woods, 1989: 509).

⁹ an explosives and chemicals company that provides products and services to the mining, manufacturing and agricultural sectors

As the Far East did not impose sanctions on South Africa there was opportunity to trade with them. The relationship between South Africa and the East Asia had much to do with the interest of South Africa in working to attract foreign capital and technology and also to be seen in the framework of the global economic changes amidst the sanctions. An advantage for the international entrepreneurs that wished to set up in South Africa under the industrial decentralisation policy was that they were able to receive allowances towards transporting any machinery that they needed from Taiwan, or whichever country that was relevant, for the firm that was to be in South Africa (Interview with Alberts, 2015). This therefore allowed for an influx of Taiwanese firms, particularly in Newcastle as it was a development region under the RIDP policy.

The growth of Asian firms in Newcastle was part of a broader state plan of investment in the peripheral areas of South Africa. The firms in Newcastle were initially congregated in the so-called homeland areas of Newcastle such as eMadadeni in order to supply for labour intensive production of a number of products (Todes, 1997) (see Figure 2). Towards the end of the 1980's, when Iscor was going through troubles and was in decline, the NM saw that it would be best to recruit industries from Asia and seeing as there was a relationship that had been established between the nations, it was fit to send officials to Taiwan in order to garner and attract investment via the incentives of the RDS of 1982 (Interview with Alberts, 2015). Currently in 2015 the Chinese and Taiwanese entrepreneurs in Newcastle rely heavily on the relationships that they have with officials in the Economic Development department of the NM and remain in Newcastle because of the relationship of the personalised approach that the council has with them. This is a big part of the Taiwanese culture (Interview with Liu, 2015 and Hart, 1996b). By 1994, the Taiwanese had a community of about 1000 people and 50 firms and the growth was largely attributed to the social agglomerations of economies. Newcastle had become, at this stage, one of the largest centres of Taiwanese production in South Africa (Todes, 1997).

At the time of heightened growth of Taiwanese firms, Mr John Ni of the Taiwanese Ministry of Foreign Affairs said:

"I must point out that South Africa is our top choice. This emphasis is well backed by your good incentive package, lower wage rates, our full diplomatic ties, and the common use of English. It is the Republic of China's firm policy to encourage our local industries to invest in and transfer technology into this country" (Pickles and Woods, 1989: 518 quoted in *Financial Mail* 17 April 1987).

5. Shift from secondary to tertiary economic sectors: 1991 to 2000

This period is characterized by a growth in the local economy of Newcastle, here there was less reliance on one sector to be the contributor to the GDP of the town. The growing population and increase in manufacturing firms had much to do with the development in Newcastle at this time. The introduction of the RIDP of 1991 had brought a sour taste to many towns that had firms that were established as a result of the 1982 RDS, as now incentives were removed and afforded to areas elsewhere. However the data shows that the removal of incentives in Newcastle firms did not have the impact that was anticipated, which was collapse of the local economy, but the economy instead stayed intact due, arguably, to the diversification in the economy. At the start of the 1990's came a new revised RIDP which was to replace the then RDS of 1982. The RIDP of 1991 was discussed in chapter 4 of this dissertation.

In 1986 the then RIDP, the Regional Development Strategy, was to be critically evaluated by an independent Panel of Experts (PoE) and this was commissioned by South African Transkei, Bophuthatswana, Venda, Ciskei (SATBVC) territories and managed by the Development Bank of South Africa (DBSA) (Platzky, 1995). The report that was published from the PoE had indicated that the current RIDP was imprinted by structural shortcomings as a result of

- *Too many development points have been designated, resulting in a lack of concentrated regional industrial development;*
- *Many of the IDPs are inappropriately located in terms of regional comparative cost advantages, resulting in a lack of self-sustaining industrial development; and*
- *The relative success achieved, so far, at certain development points can mainly be ascribed to exceptionally attractive financial incentives, which compensate costs rather than economic and financial viability.*

(PoE 070591: 1, quoted in Platzky, 1995: 122).

The PoE had come to the conclusion that the RIDP had failed to nurture an environment in which industry could prosper, that there were failures in attaining agglomeration economies and a degree of full concentration as well as the lack of forward and backward industrial linkages. The PoE had found that 51.6% of the 306 industrial plants that were surveyed from implementation of the RDS to 1986, were not profitable.

By 1991 the presence of clothing/textile firms was widespread in Newcastle, there were 41 firms recorded which had grown from 15 in 1988. This was the most number of firms in the manufacturing sector in the town out of a total of 145 firms (Todes, 1997). Not long after the commencement of the

1991 RIDP, a new policy came about through the Manufacturing Development Programme of 1996 (MDP). It was the first policy to come out of the new democratic order in South Africa. It had come after a full review of the 1991 RIDP (Hawkins, 2010).

A study of the formal employment sector in Newcastle from 1960 – 2013 has shown a story that is reflective of the economic development in Newcastle. As can be seen from *Table 4* below, by 1960 the primary sector was the main employer of people in Newcastle, accounting for 49.1% of formal employment. However, when it came to the end of the 1980's the recorded formal employment in Newcastle showed a shift towards the secondary sector with manufacturing dominating the formal employment at 41.8% as oppose to the primary sector having only 9.2% of the formal employment. When taking a look at the more recent figures with regards to the formal employment it is evident that the tertiary sector has taken over employment. And this is also in congruency with the contribution (GVA) to the GDP of Newcastle (see Table 5). By 2000 the tertiary sector accounted for 61.2% of formal employment whereas the secondary sector had accounted for a little more than half at 31.3% (*See Table 4*).

Table 4: Formal Employment in Newcastle within the Economic Sectors (%)

Sectors	1960	1970	1980	1991	2000	2010	2013
Agriculture	20.3	31.4	3.4	2.6	5.81	3.4	2.7
Mining	28.8	12.5	5.8	4.3	1.60	0.8	1.2
Manufacturing	10.1	18.2	34.8	39.6	26.1	14.7	13.7
Electricity	0.5	3.3	1.8	1.8	0.98	0.7	0.7
Construction	10.5	7.4	5.2	4.3	4.18	5.7	5.4
Commerce	5.4	6.0	13.7	11.7	19.0	20.3	18.9
Transport	2.6	3.0	5.2	4.9	3.46	3.9	3.7
Finance	0.2	0.6	2.4	3.2	11.06	12.2	11.3
Services	21	18.4	26.7	27.4	27.69	38.1	41.9
Total	100	100	100	100	100	100	100

(Adapted from Hawkins, 2010; Todes, 1997 and IHS Global Insight, 2015)

Primary sector = Agriculture and Mining; Secondary sector = Manufacturing, Electricity & Construction; Tertiary sector = Commerce, Transport, Finance & Services.

After the year 2000 there was a pattern of decline across all sectors, which were more severe than that of the provincial and national economy (Hawkins, 2010). The mining sector, once a key part of the local economy showed a continual trend of decline. As with the agricultural sector, decline was apparent yet not as severe. The secondary sector which includes manufacturing, that had been a significant sector in Newcastle, had declined in formal employment in the study period. The

manufacturing sector has accounted for more than 9000 job losses of the 12500 of the entire secondary sector. The tertiary sector boasts 80% of jobs in Newcastle's local urban economy (Hawkins, 2010) and certain sectors within the tertiary sector had experienced positive growth up until the late 1990s, however data showed that during the period 1991 to 1998 it had negative aggregate growth rates in all sectors apart from the tertiary sector which a positive growth rate at the end of 1998. Although there was a decline in the primary and secondary sectors, the share of the formal employment had increased from 60% in 1995 to 80% in 2008 (Hawkins, 2010) (see Table 4). Across the urban economy, the formal employment in Newcastle had declined by 2.62% and experienced a loss of more than 20 000 jobs. Although there was a decline in the formal employment in the study period there was positive total growth of 1.02% in Newcastle, with the tertiary sector doing the best with 1.98% growth rate. The growth and significance of the town's tertiary sector seems to validate the idea of the growth of Newcastle into a significant regional service centre (Robbins et al, 2004).

Table 5: Composition of GVA ¹⁰in Newcastle 1995 to 2014 (%)¹¹

Sector	1995	1998	2000	2005	2010	2014
Agriculture	1.8	1.2	2.6	2.2	2.5	2.8
Mining	5.9	1.2	7.8	6.7	6.4	6
Manufacturing	30.3	30.4	19.5	21.4	20	20
Electricity	3.4	2.5	3.4	4	3.6	3.4
Construction	2.2	1	2.3	3	3.3	3
Commerce	11.7	13.4	10	10.7	11.1	11.1
Transport	9.1	9.1	6.8	7.5	8.1	8.2
Finance	10.4	18	16.3	14.1	13.8	14
Services	25.1	23.2	22.7	21.7	22.3	22.8
Total	100	100	100	100	100	100

(Adapted from Hawkins, 2010 and IHS Global Insight, 2015)

¹⁰ Gross Value Added (GVA) measures the value added/contribution made by each individual producer, industry or sector to the economy. It thus measures the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs that are used up in production (NSDP, 2006: xiv).

¹¹ Prior to 1995, contribution to GDP of the different sectors was measured in GGP and subsequently measured in GVA.

6. Shift from secondary to tertiary economic sectors: 2000 to 2015

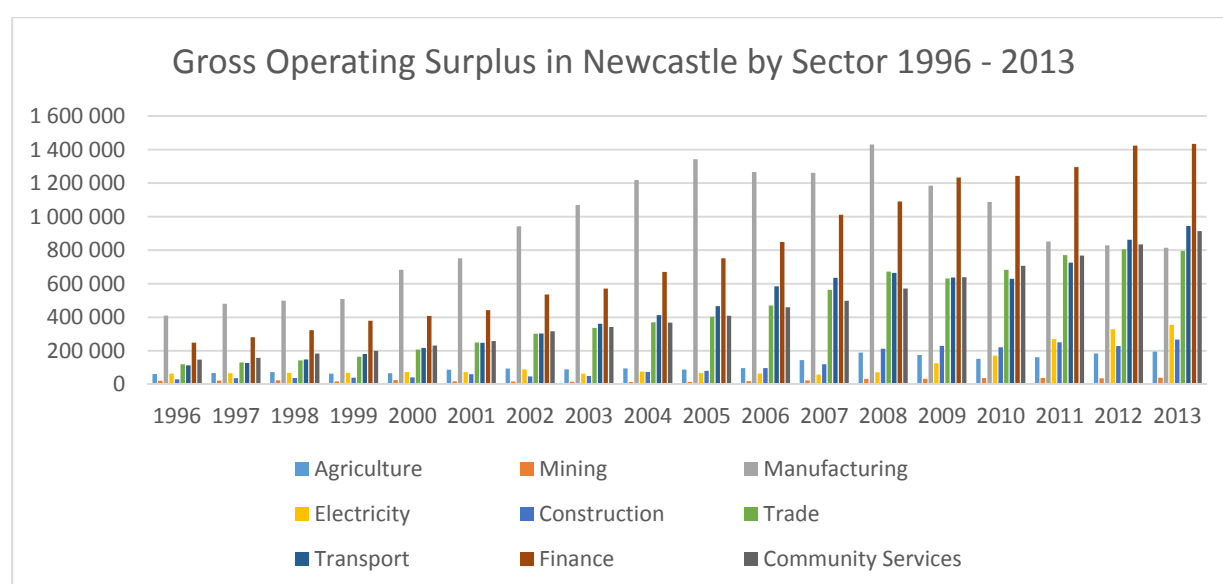
With the introduction of the Municipal Systems Act 32 of 2000, there was a greater ability for the local municipalities to have more of an impact on their region. This Act mandated all local municipalities to develop Spatial Development Frameworks (SDF) for their municipal areas including the direction the municipality wished to go, in terms of social, economic and environmental goals and objectives as well as how to achieve them. Newcastle as a municipality could now create Local Economic Development (LED) strategies and SDFs that were for the betterment of the economy, highlighting what sectors need attention and investment. Through these documents the NM had the power to influence the IDP and the budget.

The industrial sector in Newcastle has been one that has dominated the economy for more than three decades, however it has seen a decline in the contribution to the GDP of Newcastle (*See Table 5*). “Most significantly perhaps, is the fact that heavy industry, whilst being the most important employer in 1989, has been replaced by the clothing and textile industry as the largest employer” (Metroplan, 1997: 84). The steel and metals industry was no longer the primary employer in Newcastle: there was a diversification of the manufacturing sector which proved to be a good thing as there was less of a reliance on the steel and metals sub-sector in the economy (*See Figure 4*). Since the late 1990’s Newcastle has moved towards a stronger tertiary sector and weaker primary and secondary sector within the local economy. It is not only evident in the data but it can be seen physically in the development of malls such as the Amajuba Mall built in 2004, the BlackRock Casino in 2007 and the most recent the Newcastle Mall in 2012.

In this period the growth of Newcastle was not only economical but also had some fluctuations in population where by 2011 the population growth ¹²was 363236 from 324386 in the beginning of the period in 2000 (*See Table 6*). However it is important to note that there was a decline in the period 2004 – 2009 and this can be attributed to the migration patterns in South Africa. During the period 2001 – 2011 KZN experienced a negative net migration (Census, 2011). It is attributed to the growth of city regions, and the result in rising urbanization in South Africa (Hawkins, 2010). However the population has shot up in after 2009 which can be linked to the growth in the tertiary sector in Newcastle’s economy.

¹² The population growth in Newcastle needs to be looked at with care as there are sources of population data that differ drastically.

Figure 4: Bar Graph of Gross Operating Surplus ¹³by Sector 1996 - 2013



(IHS Global Insight, 2015)

There has been much investment directed towards the retail sector in Newcastle as can be seen by the Newcastle mall which has more phases to be completed overtime and caters for many residents living within the Amajuba District. The Newcastle Chemical Park is also an example of how the local government has laid down infrastructure to encourage chemical companies in one location near the airport site, which currently houses some six chemical companies.

Table 6: Population Growth in Newcastle 1995 - 2011

Year	Newcastle Population	Growth Rate (% p.a.)
1995	298190	
1996	303917	1.9
1997	309931	2
1998	315474	1.7
1999	320326	1.5
2000	324386	1.3
2001	327735	1
2002	329758	0.6

¹³ Gross Operating Surplus is the portion of income derived from production by businesses that is earned by the capital factor. It is calculated as a balancing item in the generation of income account of the national accounts

2003	330633	0.3
2004	330332	-1
2005	329051	-0.4
2006	327090	-0.6
2007	325585	-0.5
2008	324309	-0.4
2009	334657	3.2
2011	363236	7.7

(Adapted from Hawkins, 2010; Population Census 2001 & 2011)

What was true at the beginning of the new democratic order in South Africa for Newcastle, is still true today in 2015. Newcastle plays an important role as a service centre for the towns that surround it in the Northern parts of KZN and the north eastern parts of the Free State and the South eastern parts of Mpumalanga. Newcastle serves many of the towns in those regions in terms of services it provides particularly in the tertiary sector of the economy (Metroplan, 1997).

7. Conclusion

Newcastle experienced several rounds of restructuring from the 1960s to the early 1990s. From the 1970s, Newcastle has developed as a type of regional growth periphery (regional growth centres in peripheral areas) for various industries; firstly the iron and steel industry, and later the clothing and textile industries (Todes, 1997). As a result of Newcastle's role as an industrial decentralisation point, immense growth was anticipated and this was seen through the optimistic planning of infrastructure for future growth in Newcastle and by the early 1990's the infrastructure provided was greater than needed (Metroplan, 1997).

It can be concluded from the data presented in this chapter that Newcastle experienced significant economic growth in the 1970's. There was a decline in general economic development particularly in the manufacturing sector up until 1996. However during that time there was indications of positive economic diversification which led to the prevention of economic collapse. Although not significantly, Newcastle continued to grow economically, often at a rate greater than the national rate, up to the present day (a dip in GDP was felt in 2009 due to the global economic recession).

Todes (1997) believes that an industrial agglomeration centre had failed to develop, except to some extent in clothing and textiles. What is very evident is that there was rapid growth within specific sectors then “followed by decline: a process of boom and bust” (Todes, 1997: 213). The state interventions that have had an impact on the changes of the economy, population and spatial construction has been, among others, the selection of Newcastle as a growth point, investment in the Integrated Steel Works, the Regional Development Strategy of 1982 and Regional Industrial Development Policy in 1991.

With the removal of incentives Newcastle, unlike other growth points that collapsed, continued to grow for a number of reasons. Firstly, there was a lot of investment that could not, after the weighing up of options, be taken out. “The fact that the huge amounts of capital have literally been sunk into plants in the town has forced a reorientation of local industry, rather than abandonment” (Todes, 1997: 246). So despite the removal of incentives in the early 1990’s, in Newcastle and other areas identified in the national policy, there was too much capital investment for firms to consider withdrawal. This also meant that jobs would not be lost. Secondly, Newcastle had industries that had improved their competitiveness through measures of niche marketing, and improved technology and management. Some industries had mechanised defensively and cut the intensity of the labour in order to improve productivity (Todes, 1997). So rather than resorting to relocation, the restructuring in Newcastle happened in the existing plants and thus the new forms of growth came from within Newcastle (Todes, 1997). Platzky (1995) had argued that industrial decentralisation enables *cumulative advantages*¹⁴ in some places and this was the case in Newcastle.

So what does the development of Newcastle show with regards to the role of Planning particularly at national level? It has shown that there has been a number of changes in the economy of Newcastle and its growth due to the interventions by the national government. At a time where the planning system in South Africa was a top-down approach it is evident that there were impacts on the development of Newcastle through ID policies. Over the years there has been evidence that although there was a top-down approach being adopted, there were significant influences from provincial and municipal levels through plans and several marketing initiatives. Chapter 6 will attempt to shed light on exactly what the municipal planning impact was on the growth/changes in the economy of Newcastle.

¹⁴ The Principle of Cumulative Advantage states that once a social agent gains a small advantage over other agents, that advantage will compound over time into an increasingly larger advantage.

Chapter 6: THE IMPACT OF THE SHIFT TO LOCAL AND MUNICIPAL PLANNING ON THE ECONOMIC DEVELOPMENT OF NEWCASTLE

1. Introduction

This chapter goes one step closer to answering the main research question of this dissertation: How does planning impact on the economic development of a city or town? The previous chapter has discussed and highlighted the impacts of the national policies that were implemented prior, during and post – apartheid. This chapter will discuss the impacts of that shift in policy towards local and municipal planning of the economic development of Newcastle. This chapter will discuss the policies as well as initiatives by the local municipalities that came into being particularly after the end of the national manufacturing policy MDP of 1996. This chapter is related to the previous chapters 4 & 5 which explained how all the national policies had an impact on the economic development of Newcastle. The previous chapters highlight how planning at the national level was primarily responsible for the economic development of the town. This chapter will concentrate mostly on how Newcastle managed to continue to grow amidst the removal of incentives in the early 1990's.

As a result of the shift to greater powers for the local municipal planning authorities the NM has had the opportunity to influence the development in Newcastle. This chapter will look at relevant policy documents that came out of the NM and discuss whether or not they had some influence on the economic development in Newcastle. This chapter will also discuss the information collected during fieldwork through the conducting of interviews (*See Chapter 2/3*). This chapter will answer the question of what impact planning had on the economic development of Newcastle as well as what were the contributing factors to the economic development and continued growth. It also speaks to the literature review in chapter 2 to show how the argument that growth pole towns always fail once incentives are removed was not the case in Newcastle.

2. Newcastle's economic development context

Newcastle has in the past decade experienced economic development and quite significant investment from large manufacturing companies. Arcelor Mittal (previously Iscor) has invested about R3b rand on upgrades to their blast furnace (F. Alberts, Interview, June 2015), Lanxess has since their initial 2002 R1b investment in the Newcastle plant invested over R 500m towards their plant in the

Newcastle chemical park since 2010. Other manufacturers such as SA Carbide ¹⁵ have invested R120m and Karbochem invested R100m, the latter focused its investment towards green energy (SDF, 2015). All of this investment from large manufacturers may be seen as an indication of the confidence that these companies have in the local economy of Newcastle. Newcastle has over 120 clothing related companies/factories of which includes the largest school wear clothing manufacturer¹⁶. In Newcastle there are 11 Edcon¹⁷ stores, and a retail store manager said that “if Newcastle was not a profitable town then there would not be such an abundance of Edcon stores” (S. Naidoo, Interview, June 2015). Newcastle has an estate (Riverside Industrial Area) for industrial functions that is fully serviced with water, electricity and railway sidings (SDF, 2015). The Newcastle CBD has over 100 retail shops, restaurants and taverns which make it an ideal destination for people living in the surrounding towns. The growth pole theory (see Chapter 2) argues for ‘diffusion of innovation’ in that surrounding towns will benefit from the growth pole. This is the case with Newcastle as towns such as Dannhauser, Dundee, Glencoe, Utrecht and Memel benefit from the economic growth in Newcastle in that the residents of those towns benefit by frequently visiting the town and doing shopping (News 24, 2015) as well as opened up the town for residents of those towns to send their children to attend the schools in Newcastle.

The discussion below on the different policies and plans aims to clarify whether or not economic development has been a result of planning interventions at the level of the NM.

3. The policies and plans of the Newcastle Municipality

All local municipalities have been mandated by the Municipal Systems Act 2000 (MSA) which requires the preparation of an Integrated Development Plan (IDP), of which a Spatial Development Framework (SDF) is a central component. Another result of the shift in planning powers is that the local municipalities are also able to develop various strategic documents that relate to the economic development in their local municipality such as Local Economic Development (LED) Strategy, Environmental Management Frameworks (EMF) and housing policies amongst others. This following section will capture the shifts between the IDPs from the NM and the content with regards to economic development.

¹⁵ A Calcium Carbide and Acetylene Carbon Black manufacturer within the Newcastle Municipality

¹⁶ All Wear school wear clothing manufacturer

¹⁷ Edcon is the largest non-food retailer in South Africa

3.1 Integrated Development Plans (2005; 2012)

The MSA requires that all municipalities prepare an IDP. In light of this new legislation the NM produced the first of three IDPs which was adopted in 2002. A new IDP is developed every five years, however the only available IDPs were the IDP (2005) and IDP (2012). The purpose of an IDP is so that every municipality can plan future development for their regions in an integrated manner. The IDP ensures the effective use of municipality resources, speeds up service delivery, assists in the attraction of additional funds, and promotes coordination between all spheres of government as well as strengthens democracy and overcome the legacy of apartheid (ETU, 2015).

3.1.1 IDP 2005

This IDP document included an analysis of Newcastle (social, economic, environmental, institutional and services and infrastructure), a Spatial Development Framework (SDF), and strategies, projects and an integration of sector plans. The 2005 IDP, identifies 11 key issues (not in priority order:

- Financial stability
- Job creation and economic development
- Water and sanitation
- Housing and land
- Roads and stormwater
- Primary health
- Community safety and security
- Communication
- Institutional restructuring
- Recreational facilities
- Environmental quality

Attached to the above key issues are objectives and actions. With regards to economic development the IDP has the objective of *providing a climate that will reduce unemployment* (which was 54% of the working age population) *through the promotion of job creation and economic development*. The actions which the IDP identifies are the following:

- To attract investment through addressing crime, the enforcement of by-laws, and, increased cleanliness of the Central Business District
- To utilise local labour, contractors and suppliers in infrastructure development programmes.
- To retain existing companies in Newcastle.

- To develop downstream opportunities¹⁸ from big companies in Newcastle.
- To support small scale agricultural projects
- To facilitate the establishment and support of SMMEs
- To promote the broad attractions of Newcastle to the domestic tourist and so increase tourism numbers to the municipality
- To revise procurement policy
- To adopt job creation policies for all key issues (limited by powers and functions)

According to the capital budget R 1,7m was allocated to economic development, however the main priority of this IDP is Housing and Land (See Table 7). According to the priority areas budget allocations, for job creation and economic development was allocated only 1.9% of the budget, i.e. R 2,6m (See Table 8). The IDP allocates a small portion of its budget to economic development, this expresses their priorities as a municipality as only four other directorates receive less. The objectives set out seem ambitious considering the budget allocation.

Table 7: Newcastle Municipality Capital Budget 2005/2006

Directorate	2005/2006 Capital Projects R
Administration	100,000
Community Services	13,107,800
Culture, Recreation & Amenities	4,075,400
Economic Development	1,712,000
Housing and Land	87,565,000
Human Resources	125,000
Infrastructural Services – Roads & Stormwater	13,796,150
Infrastructural Services – Electrical	1,200,000
Infrastructural Services – Water & Sanitation	24,247,000
IDP	400,000
Town Planning	12,510,125
	R 159,833,475

(IDP, 2005)

¹⁸ The downstream stage in the production process involves processing the materials collected during the upstream stage into a finished product. The downstream stage further includes the actual sale of that product to other businesses, governments or private individuals (Chron, 2015).

Table 8: Newcastle Municipality IDP Priority Budget Allocations

IDP KPA	Description	Budget 05/06	Loan Funding	External Funding	Directorate
Job Creation(Economic Development	Hawkers Shelters (Suryaville)	R 100,000.00		R 100,000.00	Economic Development
	Dicks Halt Cluster Development	R 112,000.00		R 112,000.00	Economic Development
	Ncandu River Dam	R 500,000.00		R 500,000.00	Economic Development
	Osizweni Block Making	R 1,000,000.00		R 1,000,000.00	Economic Development
	MR483 Activity Corridor Implementation	R 300,000.00	R 300,000.00		Town Planning
	Central Business District (CBD) Development Plan	R 600,000.00	R 600,000.00		Town Planning
	Illegal Taverns / Tavern Policy + Tuck shops	R 50,000.00	R 50,000.00		Town Planning
	TOTAL	R 2,662,000.00	R 950,000.00	R 1,712,000.00	

(Adapted from IDP, 2005)

3.1.2 IDP 2012

The following and latest IDP was for the period 2012-2017. This document much like the previous one consists of a situational analysis of Newcastle, a development strategy, capital investment projects, and an integration of sector plans (IDP, 2012). The general objectives of the IDP are:

- To guide decision making in respect of service delivery and public sector investment.
- To inform budgets and service delivery programs of various government departments and service agencies.
- To coordinate the activities of various service delivery agencies within Newcastle Municipality's area of jurisdiction.
- To engage communities and other key interested and affected parties in municipal affairs, particularly the continuous integrated development process.
- To position the municipality to make a meaningful contribution towards meeting the district and provincial development targets and priorities.

The IDP further identifies strategic objectives to which the hope to make the NM a sustainable and economically viable city-region that affords its citizens a high quality of life (IDP, 2012). These are:

- Institutional transformation and corporate development
- Governance and public participation
- Financial viability and sustainability
- Municipal planning and environment
- Infrastructure development and service delivery
- Social development and
- Local Economic Development

With this IDP there was specific mention of the concept of Local Economic Development (LED) in the strategic objectives which suggests that there was a move towards implementing the ideas and objectives related to LED in the municipality. In the previous IDP there was mention of economic development but not specific to the ideals of LED. It seems that economic development became more of a priority in the plans.

The last objective above is concerned with economic development and it includes implementing a Community Work Programme whereby guidance for investment and infrastructure expenditure become available. The programme was aimed at social development and had objectives to respond to the needs of vulnerable groups (old, women, children and the poor) and to facilitate economic development that would result in sustainable job creation (IDP, 2012). Some of the strategies towards this was the facilitation of a conducive environment for tourism business to grow as well as promoting SMMEs and entrepreneurship through the establishment of hawker stands and development of business plans from the assistance the Small Enterprise Development Agency (SEDA).

The strategic objective of LED also includes business retention and expansion, development of key infrastructure to help facilitate the growth of the economy, regulation of the informal economy by developing a policy for informal trading (NM has a policy called *Newcastle Informal/Street Trade Policy 2014*), the promotion of Small, Medium and Micro Enterprises (SMME) and entrepreneurial development through building Hawker¹⁹ stands. Development of a business incubator, and facilitating an environment that is conducive for tourism to grow. Tourism is further facilitated through the implementation of scheduled flights to and from Newcastle by June 2016 along with a Tourism and Marketing Strategy (IDP, 2012).

The IDP puts more of an emphasis on economic development than the previous as it has, as one of its main development goals, “to develop Newcastle as a service and industrial hub” (IDP, 2012: 15). The IDP (2012) identifies that even though manufacturing retains its presence as the main economic activity in Newcastle, it also faces many challenges.

The budget allocations in this IDP that are towards local economic development is over R5,5m and compared to the previous IDP is higher in %, however not significantly higher. However, the priority projects that are selected are aimed at the development of the manufacturing sector (See Table 10). With regards to the economic development as a whole it appears from the budget allocations that it does not receive priority treatment (See Table 9). The department of economic development and

¹⁹ People selling goods or services on the street, on pavements, or in public spaces (Mthombeni, 2013: 3).

tourism does not seem to receive much of the 'pie', as this IDP allocates R500, 000 to them in the sector budget for the use of a project called 'Coal Beneficiation Strategy' (IDP, 2012).

Table 9: 2012 IDP Departmental Budget Allocation

DEPARTMENT	2013/2014 BUDGET	2014/2015 Forecast	2015/2016 Forecast
Corporate Services	114 050 000.00	101 950 000.00	51 000 000.00
Community Services	56 395 000.00	25 800 000.00	12 100 000.00
Budget and Treasury	3 730 000.00	-	-
Development Planning and Human Settlements	20 687 000.00	-	-
Technical Services	214 837 000.00	266 529 000.00	150 550 000.00
Total Capital Expenditure	409 699 000.00	394 279 000.00	213 650 000.00

(IDP, 2012)

Table 10: LED Priority areas budget allocations 2012

DIRECTORATE DESCRIPTION	VOTE DESCRIPTION	WARD NUMBER	IDP PROJECT NUMBER	IDP PRIORITY ISSUES	NATIONAL KEY PERFORMANCE AREA	NLM STRATEGIC OBJECTIVES	FINANCE SOURCE DESCRIPTION	FINAL BUDGET 2015/16
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS								
DEV, PLAN AND HS	Hawker Stalls		LED0332/2014	Poverty and unemployment	Local Economic Development	To facilitate economic development that will result in sustainable job creation	EXTERNAL LOANS	-
DEV, PLAN AND HS	BRICK MANUFACTURING		HLP0174/2015	Poverty and unemployment	Local Economic Development	To facilitate economic development that will result in sustainable job creation	INTERNAL	2 000 000,00
DEV, PLAN AND HS	BRICK MANUFACTURING PLANT		HLP0171/2014	Poverty and unemployment	Local Economic Development	To facilitate economic development that will result in sustainable job creation	EXTERNAL LOANS	1 539 959,00
DEV, PLAN AND HS	Airport developments		TWP0173/2015	Impact of regional economic trends	Local Economic Development	To facilitate economic development that will result in sustainable job creation	INTERNAL	2 000 000,00

(IDP, 2012)

The budget allocation for economic development, during the time of nationally allocated regional incentives, was much greater than that of the IDPs that have been discussed. The national government had clear rationales regarding the regional development policies, which was for economic development. And the intent was further clarified by the budget allocations for the RIDP where money was given through incentives (See Chapter 4 for more details).

3.2 Local Economic Development Strategy

One of the most relevant policies to come through the NM is the Local Economic Development Strategy (LED). In 2007 the NM developed an LED strategy which formed part of the 2005 Integrated Development Process (IDP) process (NM, 2012). The reason behind the strategy was to provide strategic guidelines for all the role players/ stakeholders and agencies in Newcastle's economy for the purpose of ensuring harmonised economic development initiatives that contribute to the economic goals of the NM (LED, 2007). This LED document makes reference to the economic trends of Newcastle to determine

what sectors, commodities and opportunities exist within the borders of the NM (See Table 11 & Figure 5). The LED strategic framework promotes sustainable economic development and formulates a database in which on-going and future projects are monitored. Another deliverable of the LED was to identify priority strategic economic development projects.

Table 11: GDP % contribution to Newcastle economy on sectoral basis, 2004

	Newcastle
Agriculture, forestry & fishing	0.7
Mining	3.2
Manufacturing	58.3
Electricity & water	1.5
Construction	2.6
Trade	9.4
Transport & communication	6.0
Finance and business services	7.11
Community, social & other personal services	3.1
General government services	7.7
Total	100

(LED, 2007)

The LED strategy highlights the importance of Manufacturing in the Newcastle economy in terms of employment and contributions to the economy (See Table 11 & Figure 5). Within the manufacturing sector, the strategy has numerous programmes that deal with *Manufacturing Retention, Expansion and Attraction, Increase Absorption of Local Labour Force, Investment Attraction, and Transport Logistics System*. The projects linked to these are based on discussions and workshops held with stakeholders and the PSC ²⁰for the NM (LED, 2007).

An LED review of the 2007 strategy was done in 2012 and it reiterated most of the sentiments in the 2007 strategy, however it produced 7 clear strategic goals. Attached to these goals are programmes which speak to achieving the goals. They are:

- Expansion and diversification of the agriculture sector
- Expansion and diversification of the manufacturing sector
- Development and support for the tourism sector
- Improving the institutional and policy environment towards effective LED
- Expansion and development of strategic economic infrastructure
- Effective support to the informal economy and development of small enterprise.

²⁰ The PSC derives its mandate from the Constitution, 1996. The PSC is tasked and empowered to, amongst others, investigate, monitor, and evaluate the organisation and administration of the Public Service (PSC, 2015).

- Ensuring effective education, skills and capacity development.

The strategy clearly defines the relevant projects that are linked to the programmes which are linked to the strategic goals. Along with that it identifies the stakeholders that are responsible for execution of the projects. An example is in the table below:

3.2.1 Expansion and Diversification of the Manufacturing Sector

In order to achieve the strategic goals above the LED identifies 4 programmes which are vital for the expansion and diversification of the manufacturing sector. The first programme is **Industry development** which deals with the development of specific sub-sectors of the manufacturing sector. The programme suggests that there needs to be more public and private investment focused on the new industries and further strengthening of the existing industries which are not the already prosperous metals and chemical sub-sectors. The LED strategy highlights projects to achieve this such as the establishment of a new furniture and brick manufacturer as well as a laundry project in Madadeni.

The second is **Strategic Support and Assistance to Industry**, this programme involves the support from the public sector to the manufacturing sector. What this entails is the involvement of the NM in challenges that the sector face and to engage in negotiations at the Bargaining Council²¹. Some of the challenges include availability of land, business licence approval and infrastructure provision. The programme focuses on providing increased support and strategic assistance to all industries in the manufacturing sector. The LED strategy highlights projects to achieve this such as support for the Lanxess expansion project, and the Arcelor Mittal steel expansion project.

The third programme is the **SMME Participation within Manufacturing Sector** and this programme offers programmes that will help improve the SMME input to the manufacturing output. The way in which this can be done is through increased involvement from SEDA and conduction of business fairs and workshops. This programme deals with identifying opportunities, funding and apprenticeship opportunities in the manufacturing sector.

The fourth and final programme for this goal is **Manufacturing Sector Policy and Planning**. The programme aims to provide guidance from the NM through manufacturing expansion sector plans and the establishment of a beneficiation-industries incentive scheme, for priority industries to create linkages in value chains to promote SMME, build on comparative advantages and the existing strength

²¹ Governing instrument that regulates the relationship between the employer organization and the trade union parties (SALGBC, 2015).

of the manufacturing base. The programme identifies the project that are aimed at expanding and improving the manufacturing sector in Newcastle (LED, 2012).

3.2.2 Development and Support for the Tourism Sector

In an effort to achieve this strategic goal the LED document identifies 4 programmes. The first programme is ***Diversification of Tourism Attractions and Activities*** which identifies the potential to enhance the tourism sector through development of new attractions and activities. It identifies sport as having the potential to attract many visitors of different ranges throughout the year. The second programme is the ***SMME Participation within the Sector***, as small business is critical for the success of tourism (LED, 2012), the programme deals with development of small business through Tour Guide and Site Management training and support for Tourism Ambassador Programme and create links between establish operators. The third programme is ***Institutional Support and Policy Development***. This programme advocates formal structures to coordinate activities and promote the region by ensuring continuous tourism research within the LED unit in the Economic Development Department and an implementation of the strategic projects identified for Newcastle within the Amajuba Tourism Strategy. This programme puts forward projects that help in creating support for tourism in Newcastle and the development of tourism policy in Newcastle. The fourth programme is ***Information, Marketing and Promotion***. This programme deals with the distribution of information on Newcastle to prospective markets by way of advertising. It includes the development of signage for tourism and the relocation of the Newcastle Tourism Centre and the addition of satellite tourism stations.

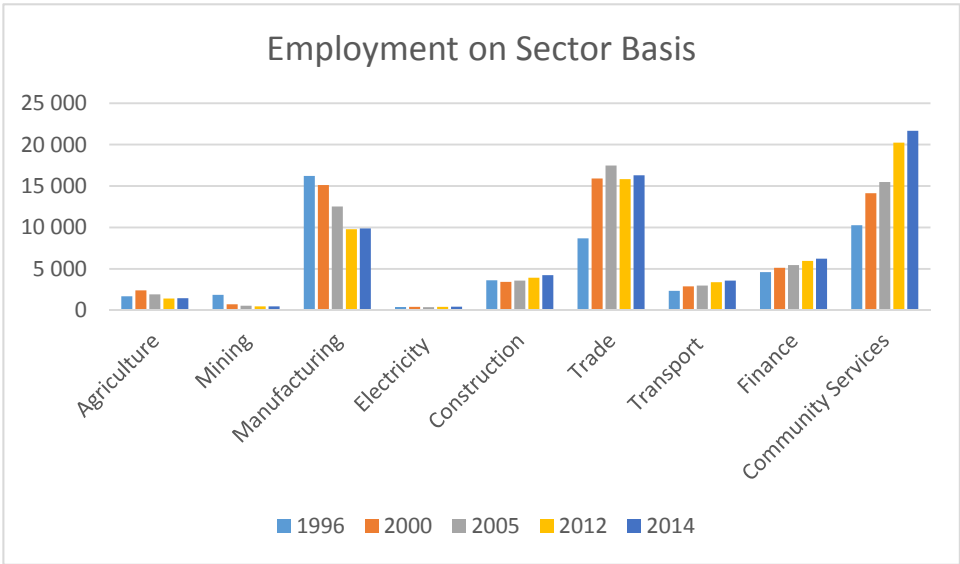
3.2.3 Expansion and Diversification of the Agriculture Sector

To achieve this strategic goal there are three programmes that the LED identifies. The first is ***Commodity Development and Agri-processing***, this programme highlights the importance of maintaining strong associations with established farmers in order to help with the implementation of opportunities and to ensure good coordination and cooperation with various agricultural and farming associations²² (LED, 2012). The second programme is the ***Promotion of Urban Agriculture in the Denser Urban Settlements***, The idea of this programme is to stimulate economic activities in areas that were previously disadvantaged. The third and final programme under this objective is the ***Emerging and Small-Scale Farmer Development and Assistance***. The programme encourages the established farmers to assist and engage with the small-scale farmers through mentorships and internships and thus assist in the

²² African Farmers Association of South Africa (AFASA) and the Agricultural Development Agency (ADA).

expansion of the agriculture sector. All three of the above strategic goals have a particular interest in boosting the economy. The LED also suggests the creation of a platform with SEDA so as to guarantee support is getting to small enterprises. This LED highlights a few large projects that are instrumental to the continuation and boosting of the economy, these include the Victoria Mall extension, a roll-out of ICT infrastructure and the revitalisation of the Newcastle Airport

Figure 5: Newcastle Municipality Employment by Industry



(Adapted by author from IHS Global Insight, 2015)

The above graph and what can be deduced from it is that since 1994 Newcastle’s strongest economic sectors with regards to employment have been the secondary and tertiary sectors, most notable the manufacturing, trade and community services sectors. Since 2000 the employment in 5 of the 9 sectors has gradually improved and in some cases drastically increase i.e. employment in Community Services and Trade (See Figure 5). Despite the 2012 LED programmes that are aimed at expanding the manufacturing sector, employment in this sector has seen a decline and sits below 10,000 people in 2014 as oppose to more than 16,000 people in 1996 prior to the implementation of the LED strategies.

3.2.4. The importance of the LED Unit Involvement

Newcastle is a town that is no stranger to foreign investment, which can be dated back to the 1980’s. Taiwanese investment in Newcastle was first attracted in the 1980’s as mentioned in Chapter 5 of this dissertation. But it’s important to note that Chinese investors started to move into Newcastle in the mid 1990’s. The amount of investors and workers who moved into the town are more than 3000 to date (SALED, 2010). Almost 50% of the industrial land in Newcastle is owned by investors from the Far East. International marketing initiatives in Newcastle by the LED unit in the Economic Development Department have been one of the most pivotal interventions steered by the municipality in which they

promote economic development in the town. The initiative entailed that officials travel to sister cities²³ in the Far East and do presentations for prospective investors. The officials would also produce business plans that had been done by the municipality and only required investment. The economic development department had always been in good communication with the sister cities and had “agents that were in China and Taiwan to do investigations and to further market Newcastle” (F. Alberts, Interview, June 2015). The department would also go one step further to invite prospective investors to Newcastle and provide good hospitality so that they could “get investors in the town for manufacturing investment, and once they were here they would be shown around and because they are business people they see opportunity when it presents itself so they would invest and not necessarily in the manufacturing sector but in others” (F. Alberts, Interview, June 2015). As a result about 45% of new business relocations are a result of foreign investment promotion from the NM (SALED, 2010).

The business incentives which are given to new investors are related to property tax, electricity consumption discount as well as skip removal for a certain number of years. Many businesses in Newcastle have a close relationship with the Economic Development Department but none more so than the Taiwanese and Chinese investors who were enticed by the department to operate their businesses in Newcastle. It is this relationship, which has continued for many years, that has allowed Newcastle to continue to grow. Even after the removal of incentives through the RIDP, Newcastle’s economy had begun to become sustainable and had diversified their manufacturing sector.

Another reason for the increase in the Chinese investment in Newcastle is due to the African Growth and Opportunities Act (AGOA) which is a legislation that was approved by the United States (U.S.) Congress in 2000. What it allowed was for a promotion of African products to enter the U.S. markets with more ease, it offered tangible incentives for African countries (Interview with A.Thulasee, 2015; International Trade Administration, 2015). This led more Chinese industrialists to set up firms in South Africa (specifically in Newcastle as there was a large Chinese community base established) and take advantage of the Act and get into the US market that way. One of the most recent investments from abroad is the investment in a chemical fibre factory which is worth about R80 million and created about 350 new jobs within the economy (SALED, 2010).

It has been clear that the economic development prior to the introduction of the MSA was largely attributed to the national policy of regional planning, however it was also through the abovementioned LED initiatives by the Economic Development Department of the NM which started in the 1980’s. It was guided towards diversifying the manufacturing sector and by bringing in new companies of

²³ Newcastle is part of a large network of cities called ‘*Newcastles of the world*’.

manufacturing like Laxness²⁴, Karbochem and several clothing manufacturers. This allowed for Newcastle to rely less on Iscor (now Arcelor Mittal) or decrease the risk of economic disaster if a company like Iscor had was to shut down or relocate amidst the removal of RIDP incentives. This diversification of the sector was important for Newcastle as it no longer relied on a single industry (A. Thulasee, Interview, June 2015; Todes, 1997).

When looking at the economic data, as mentioned in Chapter 5, it is clear that there has been a shift in the contribution of certain sectors to the GDP of Newcastle. It has shown a shift from the secondary sectors being the most significant to the tertiary sector becoming the main contributor to the GDP. It is the retail, finance, tourism and services that have been at the helm since the early 2000s. “The retail sector was able to find the need for them to exist in a much stronger capacity in the economy of Newcastle as they saw that there was seemingly more disposable income in Newcastle” (A. Thulasee, Interview, June 2015). This could be attributed to the growing number of skilled labour personnel that has been moving to Newcastle, there has thus been a growing need for the retail, finance and service sectors.

3.3 Newcastle Informal/Street Trade Policy 2014

The Newcastle Informal/Street Trade Policy 2014 (ISTP) is closely related to the goals of economic development in the NM and can be found in the LED (2012). The policy is linked to the promotion of SMMEs in Newcastle. The intention of the policy is to regulate the informal economy so as to address poverty and unemployment in an effective manner. The vision of the policy is “to enable the sector to thrive through mainstreaming of informal trade in municipal planning and development policies as well as regulate informal trade with the aim of supporting stakeholder partnerships for meaningful skills and market development” (ISTP, 2014: 20).

The policy has a number of objectives, they are:

- To regulate informal trade in a productive way.
- Put forward the municipality’s position on informal trade support.
- Determine where informal trade businesses should be clustered, and by so doing guide the municipality’s spatial planning.
- Identify all relevant stakeholders and determine their role in supporting informal trade.

²⁴ Laxness production plant in Newcastle is specialized in the production of chrome chemicals (Laxness, 2015)

- Provide the most effective way of optimising the potential of informal trade in Newcastle Municipality.
- Ultimately establish relevant and effective By-laws which should guide the management of informal trade.

The policy also puts forward a management plan with five proposals that will assist in regulating the informal economy. The proposals have to do with the reviewing of current trade permits, the revival of the Newcastle informal chamber, and the assessment of the effectiveness and integration of informal trade associations as well as the formation of the informal trade inter-departmental committee (ISTP, 2014).

The development of this policy document indicates the intent of the NM to support the local economy by giving support to the SMMEs, entrepreneurs and traders. It goes to show the direction that the NM is taking to create sustainable jobs by promoting business ownership and self-sustenance. Previous economic policy that was adopted pre 1994 aimed at providing support only to formal business and the economic policy that came post 1994 has incorporated smaller and informal businesses. Although the policy suggests that the informal be formalised it is recognising its importance in the Newcastle economy and attempts to implement infrastructure (Hawker shelter) for those businesses so as to allow them to operate in better conditions.

3.4 Small Business Insurgence

With regards to the economic development in Newcastle and what causes it, the branch manager of SEDA Amajuba, Mr. Shange, attributed some successes to the establishment of SEDA and what they provide. “As SEDA our role towards economic development in Newcastle has been...enabling people to start business, develop businesses and enhance (sic) those people to make them to be self-sustainable in future...we give them skills needed to manage small businesses” (J. Shange, interview, June 2015). He believes that having government agencies such as SEDA has contributed greatly to the economy of Newcastle because “the more entrepreneurs you have, the more families will have disposable income which will be spent on retail and other things because there is a new need or demand for such products and services. And look the more small businesses that perhaps have three employees, you are now entering those people in the economy as spenders and this contributes to the GDP of Newcastle” (J. Shange, interview, June 2015). He continued to say that the SMME contribution has been positive, and that there has been a positive growth in small business since SEDA was established in Newcastle. He had records to prove this however they are confidential and could not officially give them to me, however he assured me of that growth.

3.4 Newcastle Spatial Development Frameworks

Newcastle has had a sequence of Spatial Development Frameworks (SDF) since municipalities nationwide have been mandated to do so. SDFs prior to 2009 were not available from the NM Town Planning Department nor the online website. The 2009 SDF and 2011 SDF are practically the same document. The only significant difference is that in the 2011 SDF there is the inclusion of identified Special Development Areas which will be mentioned below.

3.4.1 Newcastle Spatial Development Framework 2011

The SDF declares many objectives, but related to economic development is the objective of Economic Infrastructure which relates to business, tourism, mining and agriculture. With regards to business the NM has the objective to sustain the Newcastle CBD as the core economic centre of the town and create links between business nodes and service delivery centres (SDF, 2011). In terms of tourism the objective is to develop tourism zones that are in line with the surrounding environments. And with regards to mining the objective is for future developments proposed to take notice of the existing and future mining processes and rights. As well the proposed development of human settlements should not be at mines but rather at appropriate locations. With regards to agriculture the objective is to identify high-potential agricultural land and protect it from urban encroachment (SDF, 2011).

The SDF calls for an economic and marketing strategy that is in line with developing tourism activities, promoting agricultural related industries, manufacturing to support mining and agriculture and the establishment of service sectors. The SDF makes spatial proposals with regards to economic development (See Map 5). The following are the recommendations:

Business – The SDF proposes a hierarchy of service delivery centres (SDC) (retail & office) according to their population thresholds. The idea behind adopting a SDC hierarchy is to further enforce the concept of centrality and core strength.

CBD Regeneration – this proposal has to do with the protection of the CBD from decentralisation of the retail and office uses. It proposes a regeneration study the outcome of which would be the management, regeneration and protection requirements. The idea is to strengthen the spatial structure of the CBD through centrality and to stimulate economic development in the NM with an emphasis on retail and office progression (SDF, 2011).

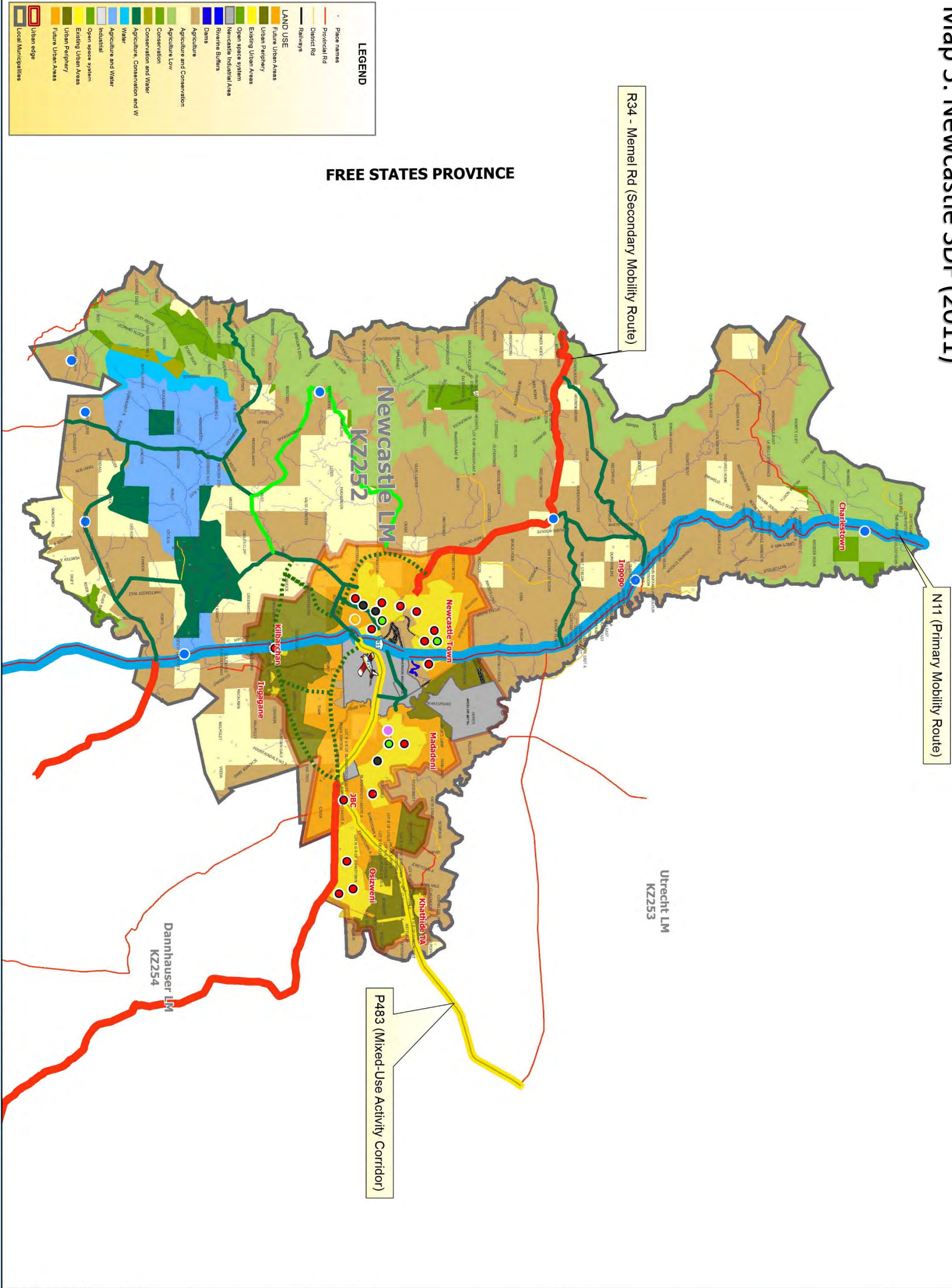
Industrial and commercial – this is about making sure that LED principles are considered when dealing with the many vacant stands in the industrial areas in Newcastle. This proposes further active involvement from the local government other.

Tourism – this proposal is about making certain that the nature-based tourism of Newcastle is of a good standard as this is what tourists prefer above all the other when visiting South Africa.

Agriculture – the proposal calls for the promotion of agriculture as it is less capital intensive than other sectors like mining and manufacturing. The SDF (2011) proposes some options to further develop the sector through the protection of high potential agriculture, enforcement of the urban edge, provision of social amenities to rural areas and the promotion of small-scale agriculture by the formulation of policies and programmes geared towards their development.

The SDF map shows very little on the future economic development of Newcastle apart from the proposed tourism corridor which extends to the rural node of the Vulintaba Country Estate which has “garnered a lot of popularity and has become a popular tourist destination as well as catering for the locals who religiously go visit for golf on the weekends” (P. Ntshingila, Interview, June 2015) (See Map 5). The proposal suggests that the spatial pattern of Newcastle may change with regards to tourism oriented development that may be established along the proposed corridor.

Map 5: Newcastle SDF (2011)

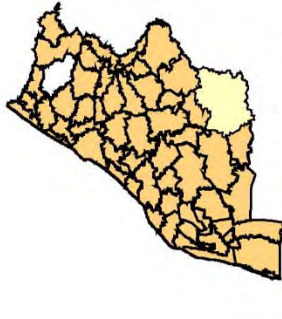


NEWCASTLE LOCAL MUNICIPALITY

NEWCASTLE LM



LOCALITY



MAP UNITS



LOGO



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3.4.2 Newcastle Spatial Development Framework 2012

The next Spatial Development Framework (SDF) was developed in 2012 with objectives such as spatial development, housing, natural environment, transport, service infrastructure, community facilities and economic infrastructure (NM, 2012). There are three main spatial issues that the SDF attempts to promote which are Equity, Efficiency and Sustainability.

With regards to economic activity the SDF proposes the development of an economic and marketing strategy, promoting agriculture and industries related to it, the development of tourism activities, the establishment of manufacturing in support of mining and agriculture and the establishment of service sectors. The SDF sets out 7 development areas in which they strive to achieve the development goals they have set out in the document. The 7 areas of importance to the NM are (*see Map 6a*):

The SDF identifies these as important investment priority areas that will ultimately improve the economic viability of the NM as a whole. These areas are also identified in the 2012 IDP as special development areas. There are a number of large projects that were conceived, are on-going and have been completed post the shifting of planning powers to the municipalities and they amount to more than R5 billion (a mixture of private and public investment). Among these projects are the notable Newcastle Mall, the Hydroponics project, Meadowlands Development Madadeni, Logistic Hub, Arcelor Mittal maintenance and Shelinda Chemical Factory (See Table 13). These projects have all been facilitated by the planning department which has seemingly strategically allocated land for such development through land use zoning allocation and infrastructure planning.

Table 12: Priority/Capital/Major Projects highlighted in documents aimed at Economic Development

IDPs	SDFs	LEDs
(2005)	(2009)	(2007)
<ul style="list-style-type: none"> • Hawker Stands (Suryaville) • Dicks Halt Cluster Development • MR 483 Activity Corridor • Osizweni Block Making • Ncandu River Dam 	<ul style="list-style-type: none"> • Ncandu River Front • Madadeni CBD revitalisation • Osizweni CBD revitalisation • Hawker Stands (M/O) • Brick Manufacturing Yard • Hawker Stands (Newcastle CBD) 	<ul style="list-style-type: none"> • Online Database for SMME • Tunnels Programme • Tour Guiding and Site Management Training • SMME Publicity Campaign • Work in Newcastle Campaign • Business Retention and Expansion Strategy

<p>(2012)</p> <ul style="list-style-type: none"> • Airports Facility Refurbishment • Hawker Stands (Newcastle CBD) • Madadeni Taxi Rank • Brick Manufacturing Plant 	<p>(2012)</p> <ul style="list-style-type: none"> • Osizweni CBD revitalisation • Madadeni CBD revitalisation • Hawker Stands (Newcastle CBD) • Hawker Stands (Madadeni/Osizweni) • Fermwood Hydroponics & Chicken Project • Amajuba Hydroponic Technopark • Blaauwbosch Mining Rehabilitation • Cogeneration Plant • Shelinda Chemical • Logistic Hub • Mittal Maintenance • SA Carbide • Newcastle Mall • Meadowlands Development Madadeni 	<p>(2012)</p> <ul style="list-style-type: none"> • Fermwood Hydroponics & Chicken Project • Establishment of Hydroponics Tunnel Programme • Tunnels Programme • Shelinda Chemical Factory • Dick Cluster Project • Development of Tourism Routes (D96) • Tour Guiding and Site Management Training • Municipal Information Access Point • Development of Amajuba Hydroponic Technopark • Logistics Hub • Victoria Mall Extension • Hawker Stalls • Ingogo Development • JBC to Osizweni Link Road • Coal Beneficiation Strategy
	<p>(2015)</p> <ul style="list-style-type: none"> • Fermwood Hydroponics & Chicken Project • Amajuba Hydroponic Technopark • Cogeneration Plant • Shelinda Chemical • Logistic Hub • Airports Facility Refurbishment • Hawker Stands (Madadeni/Theku Mall) 	

	<ul style="list-style-type: none"> • Brick Manufacturing Yard • New Dairy Gardenia • Victorian Mall • Karbochem upgrade • Lanxess • Builders Warehouse • Spur • Vulintaba Estate • Formosa Plastics • President Plastics • Theku Plaza • Sithole Mall • Hydroponics Projects 	
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(Adapted from IDP 2005, 2012; LED 2007, 2012; SDF 2009, 2012, 2015)

The above table shows the different projects that have been identified in the different policies and plans from the NM. What is evident is that there are a number of projects that are repeated or are reiterated across most of the plans. This shows that there is integration between the different plans. This table illustrates the possible successes of the IDP in enabling the LED and SDF to speak to the same issues and align in terms of economic development and identification of critical projects that would contribute to economic development but only where the projects align. However there are certain projects that are not mentioned throughout all the plans which suggests that there is little congruency in entirety.

The 2012 SDF sets out 24 projects which include the Land Use Management System (LUMS) and local area development plans for parts of the town such as the Newcastle CBD, Hardwick Street Precinct and Ngogo rural development plan and the Newcastle Environmental Management Framework (NEMF). The SDF also relays progress on LED projects. Of the 13 noted, the majority of them have been completed and are awaiting the developer to proceed with development. What this means is that the planners have made the land available and have gone through with development applications that have been approved and all that is needed is the construction of the project.

What is notable are the developments such as the Amajuba Hydroponic Technopark worth R1.2b and the Meadowlands Development Madadeni worth R1b and Newcastle mall worth R400m. as of today the only complete project of the three is the Newcastle Mall which was opened officially in March 2012 and is a regional shopping centre (SA Commercial Prop, 2012).

Table 13: Completed Projects

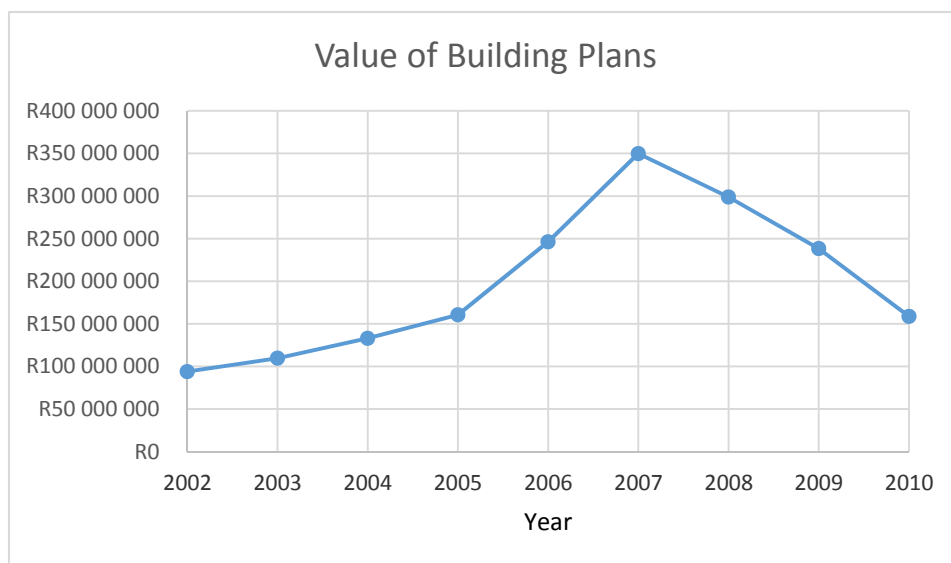
	Projects	Value
1	Fernwood Hydroponics & Chicken Project	
2	Newcastle Mall	R300m
3	Brick Manufacturing Yard	
4	Shelinda Chemical Fibre Factory	
5	Tramonto Boutique Hotel	R10m
6	Zebra Lodge	R2.5m
7	Mittal Maintenance	R387m
8	Ocean Basket (Restaurant)	R2m
9	Chicken Licken (Restaurant)	R2m
10	Meadowlands Development Madadeni	R1b
11	CTM (Retail)	R8m
12	Cogeneration Plant	
13	Dicks Cluster Project	
14	Motel Mittal	R2.5m

(Spatial Development Framework, 2011; 2012; 2015)

The above table shows the completed projects which are a mixture of private and public investment-led projects. If one looks at the projects in Table 12 most of the projects mentioned are not completed yet, only those in Table 13. Although the SDFs show many projects that are “forthcoming” or “New” it is the completed projects that are of interest and they are a small portion. Table 13 shows projects that are worth a lot of money however this cannot be viewed as a success for the planning of the NM because many of these projects are private projects that may have not been anticipated by the NM to occur.

If one looks at the value of building plans that have been approved since 2002 – 2007, the value has steadily increased from more than R93m to R349m p.a. and started to drop in the following years from 2008 – 2010 to about R138m in 2010. This is due to, amongst other factors, the recession of 2008/9 that was felt globally. But what can be seen is that clearly since the start of the millennia the building approvals have not gone below R100m p.a. (NM, 2012) (See Figure 6).

Figure 6: Value of Building Plans Approved 2002-2010



(Adapted from Newcastle Spatial Development Framework, 2012)

3.4.3 Spatial Development Framework 2015

The latest SDF to come out of the NM is the Newcastle Spatial Development Framework 2015. The SDF identifies spatial challenges and sets out development objectives that aim to address those challenges. Chapter 4 of the SDF (2015) identifies the key development strategies for the NM as:

- Promote urban, land use and transportation integration
- Providing bulk infrastructure development
- Establish equitable access to social services and
- Emphasize protection of agriculture land and open space

Economic Infrastructure is one of the main objectives of the SDF along with spatial development, transport and infrastructure, environment and housing. With regards to the Economic infrastructure the SDF splits its objectives into four topics, Business, Tourism and Lifestyle, Mining and Agriculture (SDF, 2015).

Business - The SDF has the objective of creating a hierarchy of business nodes that are linked to service delivery centres (SDC). The aim is to improve the accessibility to economic opportunities and to facilitate for job creation at or in close proximity to communities. While sustaining the Newcastle CBD as the core economic centre the SDF proposes the establishment of the Johnstown – Blaauwbosch – Cavan (JBC) as the other economic centre of the NM. The SDF also has the objective of creating industrial nodes that are focused on the areas of Charlestown and Madadeni, Blaauwbosch, Osizweni (MBO).

Tourism and Lifestyle – The SDF (2015) proposes the further identification and development of tourism zones that are based on their surrounding environments. Along with that the creation of the Tourism Meander, Battlefields Corridor and the Lifestyle Corridor along the road D96.

Mining – With regards to mining the SDF proposes that with future developments there needs to be a consideration of the operations of both existing and future of the mining in Newcastle. It also calls for the integration of mining settlements with the greater municipal urban structure in order to account for sustainability after mine closures.

Agriculture – The SDF calls for the protection of high – potential agricultural land from the urban sprawl and further plans to avert urban encroachment on good agricultural land through the enforcement of an urban edge.

Chapter 5 of the SDF (2015) deals with the development concept and framework in which the land use and transportation are emphasized with the inclusion of the nodal structure, the string of beads development pattern²⁵, mobility routes and corridors, the reinstating of a commuter railway line, demarcation of the urban edge and densification. With regards to economic development the SDF speaks to greater detail of the objectives that were mentioned in Chapter 4 of the SDF (2015) regarding *Business* which focuses on the hierarchy of SDCs, the *regeneration of the CBD* which focuses on emphasizing the symbolic and practical function of the Newcastle CBD in the NM and the spin-off impacts that the regeneration of Newcastle CBD, Madadeni and Osizweni will have on the whole municipal area with particular reference to retail and office growth. With *Industrial and Commercial* areas the SDF proposes the use of LED principles when dealing with the large number of vacant industrial land stands in Newcastle (SDF, 2015). With regards to *Mining* the proposal reiterates the need to take cognisance of the impacts of mining on the economy, environment, society and physical environment. And with regards to *Tourism and Lifestyle* the SDF highlights the need to direct the tourism in Newcastle towards a nature-linked tourism as this is popular nationally and thus the tourism corridor along the D96 be established. Lastly, in terms of *Agriculture* the SDF proposes, in addition to that mentioned in Chapter 4 of the SDF (2015), the provision of social amenities to rural areas and the promotion of small-scale agriculture.

Chapter 7 of the SDF is the Implementation Strategy, the approach of the SDF to implementation is through the Service Delivery Regions (SDR).

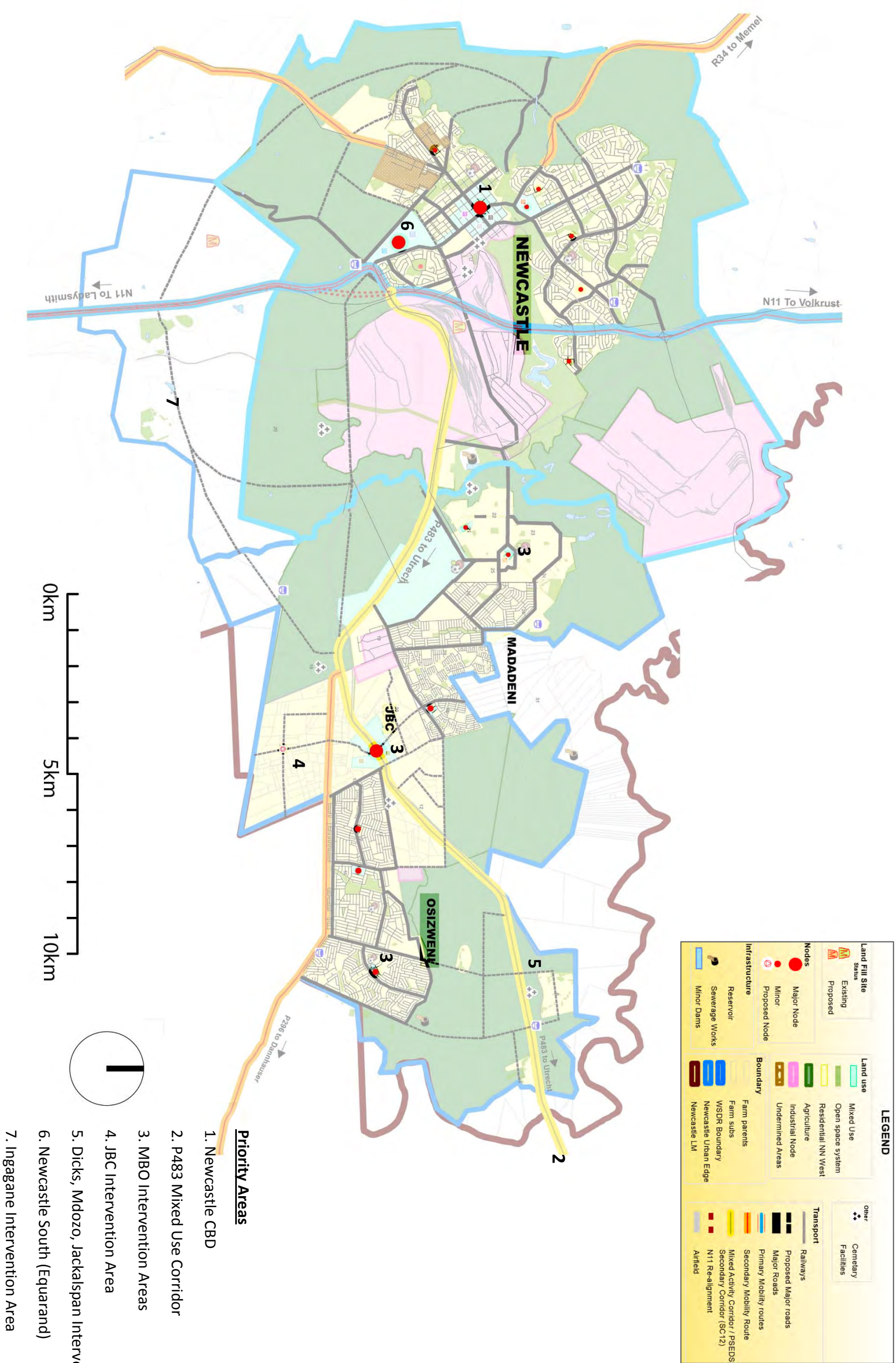
²⁵ Proposes urban corridors aligned along public transportation routes and a hierarchy of SDCs along these corridors, thus creating opportunities for mixed land use around transportation bus stops and taxi ranks (SDF 2015).

The WSDR covers the areas of Newcastle West that are within the urban edge such as the Newcastle CBD, the residential suburbs and the airport industrial area. This region has a population of approx. 18% of the NM and considered to be the middle to high income areas. The economy in this region is driven by the commercial and industrial areas, the Newcastle CBD is considered to be the heart of the Newcastle economy and within the WSDR is the Equarand which houses the Black Rock Casino and the Newcastle Mall. The Equarand is a regional node (SDF, 2015). The intervention areas in the WSDR are the Newcastle CBD and the Equarand.

The ESDR covers the areas of Newcastle East that are all on the eastern side of the Ingagane River, such as areas of Madadeni, Blaauwbosch and Osizweni within the urban edge. This area has a population of approx. 78% of the NM (SDF, 2015) and is an area of low to medium income and in some areas no income at all. The economic features of the ESDR are the Theku Plaza in the JBC area along with a proposed Sithole Mall. There are plans to develop the JBC CBD further in order for it to become a node of high economic opportunity and have good public and bulk infrastructure investment (See Map 6a).

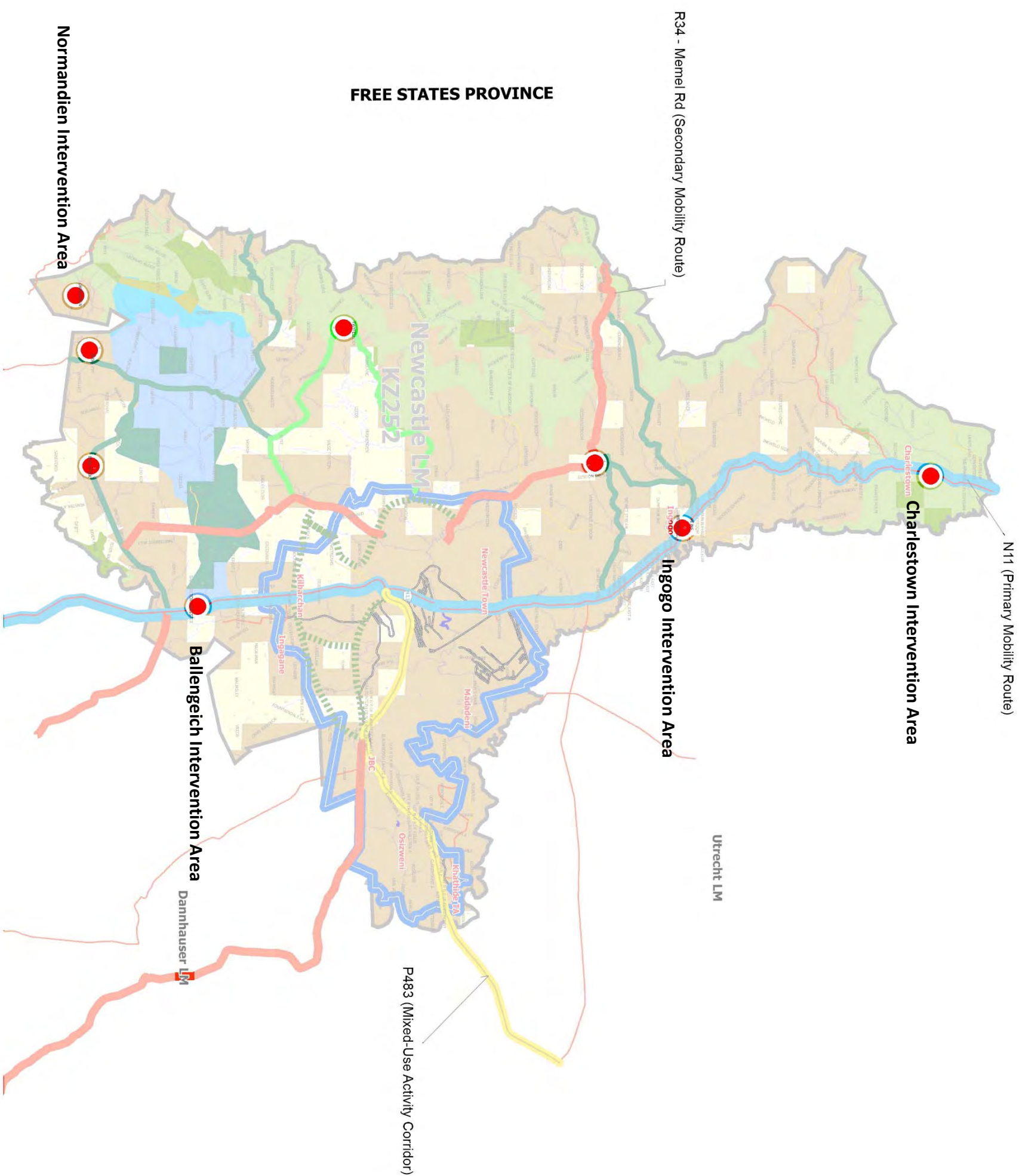
The third SDR is the RSDR and it covers the areas of the NM that are not within the urban edge and includes areas such as Normandien, Amajuba Forrest and Charlestown. This area has a population of approx. 4% of the NM and is considered to be as area of low income with areas that are very high in poverty levels. The economic features of the RSDR are primarily the agriculture and also has the potential for tourism. The SDF includes maps of each of the intervention areas with attached priority projects, below is the intervention areas mapped (See Map 6b).

Map 6 (a): Newcastle Priority Areas



(Adapted by author from Newcastle SDF, 2015)

Map 6 (b): Newcastle Priority Areas



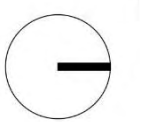
LEGEND

 Rural Nodes

Mobility Routes & Corridors	
Type	
Primary Mobility routes	
Secondary Mobility Route	
Mixed Activity Corridor	
Tertiary Mobility Route	
Proposed Tourism Corridor	
Proposed Tertiary Mobile Route	
Urban edge	
Railways	
Dams	
Farm Parent	
Farm Sub-divisions	
Local Municipalities	

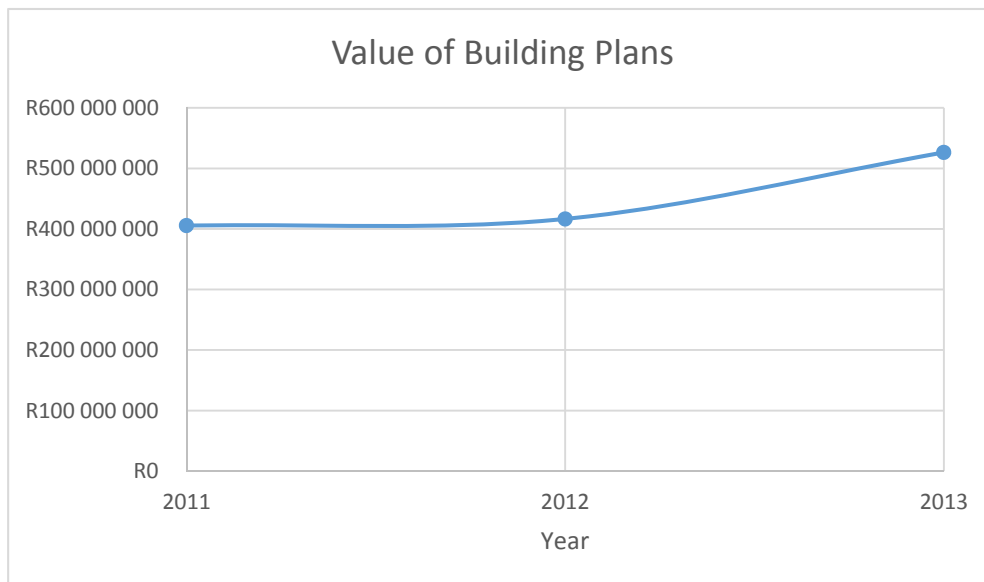
Notes: The intervention areas mentioned on the map are within the corresponding Rural Nodes.

0km 10km



If one looks at the value of building plans that have been approved from 2011 – 2013, the value has steadily increased from more than R400m to more than R500m (See Figure 7) and this is a huge hike from the figure in 2009 (See Figure 6). There have clearly been many developments and large projects to have made such an impact on the graph.

Figure 7: Value of Building Plans in Newcastle 2011 - 2013



(Adapted from Newcastle Spatial Development Framework, 2015)

In this SDF the budget allocation towards economic development amounts to R18, 539,959 of a R441, 224,959 2014/15 budget which is 4.2% and higher than the economic development budget allocation in the 2005 IDP which is an indication of the growth in consideration taken at the political level of the NM. Overall the proportion allocated for economic development is miniscule.

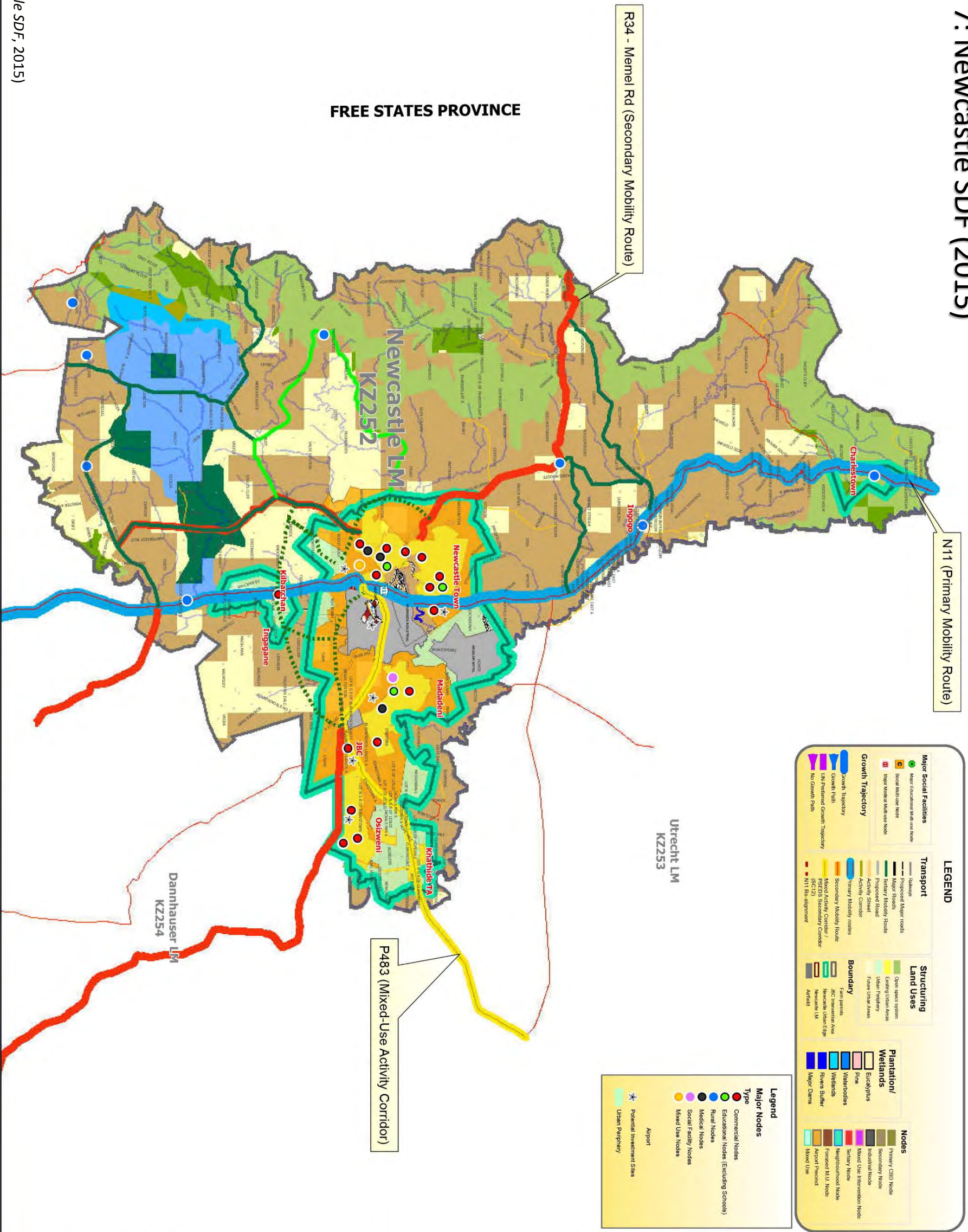
In general the 2015 SDF offers a lot more detail than that of its preceding documents. When looking at the economic development objectives and strategies throughout the SDF documents what is a recurring theme is that of the SDCs and the shift away from the manufacturing sector (although not excluded) towards the services, retail, finance, and tourism sectors. The tertiary sector sits at the helm of economic activity and development in Newcastle. The Special Development Areas that were identified in the 2011 SDF are carried through to all the SDFs that succeeded it. The idea around creating strong economic nodes in identified areas with the hopes to integrate the communities with economic opportunities and aid in the effort to uplift the socio-economic standard of living for the citizens of Newcastle remains a strong theme throughout all the SDFs. It seems that the plans have generally good ideas for economic development that don't translate to the budget allocation towards economic development. The SDFs all move towards the small-scale business development when it comes to LED, it encourages the education of business owners and collaboration of entrepreneurs as

well as big commercial agricultural producers and companies to engage and assist with small-scale businesses, and through this encourage a habit within the municipality of creating jobs and sustainable economic development throughout the NM (*See Map 7*).

Although the 2015 SDF includes priority area plans, what is discouraging is the evidence that the same SDF plan is issued throughout the SDF plan documents with few alterations. The lack of effort and implementation substance aspect in the plans is what leads me to believe that the planning by the municipality for economic development is weak as it does not translate to actual budget. Economic development is not a priority at all for the NM. During the period of national regional incentives there were large amounts of money that were being injected into the Newcastle economy. What may be is that powers have been decentralised however the budgeting may not be. The mandate for economic development seems to be grossly underfunded. In the previous period of regional incentives it was clear that there was much investment given towards economic development, the data shows that there were many newly established business as a result. The previous Chapter 5 has more details on new industries from the apartheid era.

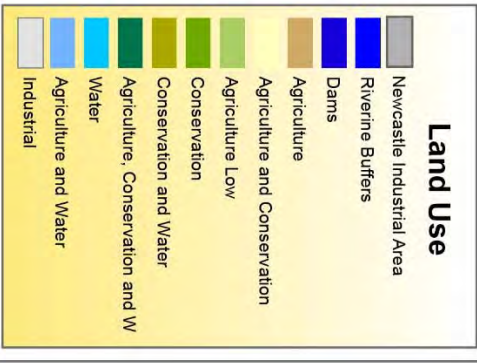
The SDFs that have come out of the NM all include similar things when it comes to the ideas of the economic development. There has definitely been a move towards supporting local business and promoting both international and national investment into the economy of Newcastle however to reiterate once more the rhetoric in the SDFs does not translate into budgetary terms and thus suggests that it simply is not a huge priority. It is all good and well to make promising forward planning documents but if they don't materialise then they are no good.

Map 7: Newcastle SDF (2015)

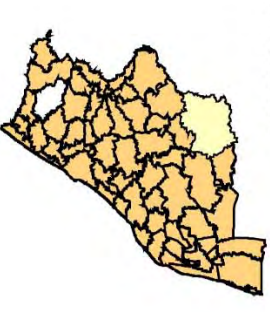


**NEWCASTLE
LOCAL MUNICIPALITY**

NEWCASTLE LM



LOCALITY



MAP UNITS



LOGO



DISCLAIMER

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Date: 02/03/2010

4. Impact of interventions by the Newcastle Municipality

This section will discuss the findings primarily from the interviews conducted with specific reference to what the impact of planning within the municipality was and whether or not it had an impact on the economic development in Newcastle prior to 2000 and after the implementation of the MSA.

4.1 Proactive and Reactive Planning

The Newcastle planning department has had different ways of tackling the issue of economic development. According to a NM planning official (Interview with Planning Official, 2015) the planning department has had both a direct and indirect way of impacting on the economic development in Newcastle. The planning department definitely has had an impact on economic development. When asked about what it was the planning department contributed towards economic development the official said that when the different departments that deal with development meet is where there is progress because “it is the diversity of opinions and it is the synergy of that proactive approach. We are being proactive by coming up with ways of how to model the development we want to see” (NM Planning Official, Interview, July 2015). The officials of the NM have regular meetings every month with the directors of each department that is related to development in Newcastle.

In essence what the planning department does is identify pieces of land which they deem to be favourable for investment and wait for an investor to show interest. Because they have set up a pre-existing framework for such a site, the approval process will be much more efficient in that it will move through the land use management process a lot quicker as the base work has already been done by the planners (NM Planning Official, Interview, July 2015). Infrastructure planning is largely influenced by the main sectors of the economy in Newcastle in that the infrastructure is in place and the town is ready to receive development. The planners in the NM had identified in previous years that there had been rapid investment and growth in the town and thus have been reactive in that they see the need to put in place the infrastructure that is suitable for development when it is proposed. “Only when there is a demand do we then act” (P. Ntshingila, Interview, June 2015). The planning in the NM seems to be proactive and reactive and alternates between the two from time to time. What the planners in the NM tend to do in order to make up for a lack in sufficient infrastructure to support proposed developments is that they would propose to the developer to provide that lack in infrastructure in exchange for discounted rates and/or a tax holiday of sorts (interview with Planning Official, 2015). The department knows that what they will lose in discounted rates, they will gain in employment in the construction phase, operation phase and in the long term.

“We create the environment conducive for investment, but we do not create the job itself” (A. Thulasee, Interview, June 2015).

“It’s the natural development coupled with the market forces that allowed economic development to occur as well as some planning. There have been numerous major projects that have come to Newcastle that were not planned for but because we were prepared to receive the development, it worked out” (NM Planning Official, Interview, July 2015).

It seems that in planning for development in Newcastle it is a combination of natural development which responds to the market of “uncommunicated market demands” (NM Planning Official, Interview, July 2015) and new development that has been planned for by the planning department. The planning department considers themselves to be active in terms of forward planning, casting ahead their development objectives of what they want to achieve for specific and various areas in Newcastle. It seems that the municipality does make an effort towards growing the town economically, they make efforts to interact with business owners every month through meetings of the Newcastle Business Unity (NBU) whereby business owners along with the various chambers of commerce can voice their concerns over infrastructure or development related issues to which can improve the economic development status of Newcastle.

4.2 Non Planning Related reasons for economic development

When interviewing private companies many of them did not equate Newcastle economic growth to the planning by the municipality but rather from other factors that are market related and through the activities of private firms. For example when asked about how Newcastle was able to grow amidst the removal of incentives on manufacturing firms Mr Hill (interview, July 2015) had said that it was mainly through the management of the large companies like Arcelor Mittal in the survival of the economy, as these companies are a huge contributor, as a sector to the local economy and they were able to keep economy stable through good management. “Some companies were not flexible enough, when there was a downcome (sic), for them to cut back and still remain profitable at lower throughputs” (C. Hill, Interview, July 2015). In the case of Arcelor Mittal “there were pretty drastic actions taken to make sure that controlled spending and make sure we put the right plans in action” (C. Hill, Interview, July 2015) essentially this meant cutting costs and at the top of the list was labour and that had to be cut along with other production process changes to ensure survival.

Another interviewee attributed the economic development to the location of Newcastle, by saying that the location played a big role because there are many businesses in Johannesburg and Durban and thus there is opportunity to feed of the ‘economic traffic’ in-between. If Newcastle was to have the same of

everything but be located elsewhere then the town would most likely not have continued to experience economic growth (C. van der Vyver, Interview, July 2015).

A large number of private sector interviewees feel that the economy in Newcastle is doing well and has a bright future for a number of reasons. They identify indicators of economic progression such as increases foot traffic, number of new developments being erected and number of new businesses particularly in the automobile sector. “Looking at all the garages (car dealerships) that have popped up in Newcastle I would say it’s (the economy) doing good, and lots of people in Newcastle have their own cars and to have a car you need money” (Z. van Zyl, Interview, June 2015). It seems that the mere perception of economic growth is a good thing towards the local economy of Newcastle as it attracts people and investors to the town

4.3 Bureaucratic Impediments on Development and Economic growth

As the success of Newcastle’s economy is largely attributed to the presence of foreign investment from the Far East in particular the manufacturing sector, the recent immigration laws (the 2014 amendment of the Immigration Act of 2011) have crippled the amount of investment that could be potentially injected in the town. “It’s understandable that they don’t want illegal migrant workers but there needs to be a leniency with the investors who contribute positively to the economy of Newcastle” (F. Alberts, Interview, June 2015). There has been the issue of trouble with approval of work visas for those migrant workers that arrive with investors. Mr. Alberts (Interview, June 2015) concerned, mentioned that migrant workers from the Far East that arrive are needed in the management for some skill specific work in production firms in Newcastle.

The issue is that there are machines that are built and programmed in foreign countries and there is a need for there to be a supervisor for the firm, someone who is familiar with the works of the production. Now there is this law that is hindering production by not allowing the migrants entrance to the country to work here. The people who invested prior to this new law are now feeling the inconvenience of the new immigration laws and thus are likely to retract from South Africa and Newcastle. This very same law has impacted on tourism within the town and country as a whole. In this sense it is evident that National policy still plays a part yet it’s a part that is no longer positive for Newcastle but rather and impediment to growth (interview with F. Alberts, June 2015).

5. Conclusion

This chapter has discussed the findings from my fieldwork research which included the reviewing of important planning documents that were prepared by the NM such as the IDPs, LEDs and SDFs for the purpose of forward planning. I have looked at the documents with regards to the issues of economic development that the NM attempts to address. I have expressed the views of the respondents on what they believed to be the factors responsible for the economic development in Newcastle. This chapter has also shown the shortcomings and the impediments to economic development from the perspective of the respondents. The next chapter will provide an interpretation of the findings that will relate to the theory of this case study as well as offer recommendations of what policies and plans prepared by the municipalities should include when dealing with economic development.

Chapter 7: DISCUSSION AND CONCLUSION

1. Introduction

This is the final chapter of this dissertation. In this chapter I will relate the findings of the case of Newcastle to the research question and provide an answer to it. The previous chapter sought to convey the findings from the research conducted, now I will turn to explaining what this means from my understanding of the case study based on the research findings. I will then draw on the literature and see how Newcastle has measured up to, or confirmed, the theory proposed. I will then move forward to providing recommendations based on the findings of the case study and revisit the main findings of this dissertation. Finally I will conclude on the dissertation with an inclusion of my reflections on the case study.

2. Locational advantage

Newcastle's locational advantage has played a big role in the economic development of the town. The fact that it is midway between metropolitan cities Johannesburg (JHB) and Durban (DBN) has allowed for accessibility to play a huge role from commuters who pass through from one city to the next for personal and business related reasons, as well as for backwards and forward economic linkages to occur. Newcastle has been able to utilise the existing rail infrastructure for the purpose of transporting goods and materials on the JHB - Newcastle – Durban routes. "Being on the main railway line between Johannesburg and Durban, with access to Richards Bay via Glencoe, it is conveniently situated for the export of manufactured goods as well as the distribution to the Gauteng market" (SDF, 2015: 69). The perfectly positioned centre of economic activity in North West of KZN brings good inward investment as a locational advantage.

3. Economic development prior to 1994

Prior to the implementation of regional industrial decentralisation policies (RIDP) in South Africa, it was the establishment of Iscor in Newcastle that proved to be a success in terms of economic growth. As a propulsive industry it was able to create backward and forward linkages that assisted the growth of the local economy of Newcastle. The impact of the national RIDP in Newcastle has clearly been very influential in the growth of the economy. Although the policies had underlying motives of keeping black Africans in the so-called homelands, with the façade of promoting economic development in regions that were not developed as the metropolitan areas. The policies allowed for the rapid economic development of Newcastle due to the incentives attached to the newly established industries in Newcastle and for relocation of industries from other areas to the identified areas in the policy.

However, the application of the policy nationally resulted in not all of the identified towns or regions for growth or growth poles sustaining that initial growth. Later the removal of the incentives meant that many failed and this was due to the reliance of the industries on the incentives they were receiving because regardless of performance, the industries would continue to receive incentives for things such as employment. Thus when taken away, many industries closed down. In the case of Newcastle the implementation of these economic policies coupled with the favourable location of Newcastle, its natural resources, and relationship with the Far East allowed for the initial success and continued growth of Newcastle.

4. Economic development in Post 1994

What the findings from the research has shown is that there has been an influence from municipal planning when it comes to economic development in Newcastle, however the planning did not play a significant enough role for one to attribute the economic growth solely to the planning mechanisms of the NM. In other words, when it came to the removal of industrial incentives and growth point related funding by national government, it was not the planning mechanisms that were responsible for the survival of Newcastle. However it was the planning from the NM that identified, in the early 2000s, that there was a potential for Newcastle to become a regional destination. The plans and policies that have come out of the NM have shown that there has definitely been an effort towards economic development in Newcastle, in that their plans and policies portray forward planning. There have been a number of large projects since the early 2000s as well as the value of building plans since the early 2000s which has grown substantially. Through a bottom-up approach to development, the NM planning department, when dealing with large projects is able to include the different departments in the field of land development as well as other stakeholders, to accomplish their objectives set out in the relevant policy documents.

What seems to be the narrative from municipal officials in the planning department is that the economic growth of Newcastle post 2000 was not attributed to any form of planning in particular but rather it was from the reaction of investors to the market forces at work. What the planning department was able to do is capitalise on an already strengthening economy and to plan according to what they saw fit for the future of Newcastle with the economic growth rate steadily positive with a growing tertiary sector.

It was largely the contribution of the LED unit that has been pivotal in the economic growth of Newcastle. When other growth points (e.g. Ladysmith) failed to continue growing, the LED unit had the vision to diversify the manufacturing sector so as to lower the risk of economic collapse of reliance on a single industry. If it was not for their initiatives Newcastle's economy would not be what it is today

and the planning department which is very much reactive, would not be able to continue to foster the relationship between investors and land. The policies of the NM are future – oriented with the spatial planning focusing on identifying opportunities for growth and for development of land that is near existing growth areas within Newcastle and manage them to the best interest of the public (SDF, 2012).

A notable thing that came through strongly from the respondents, is that Newcastle needs to do more to tap into the market of tourism. The data shows that it is a growing sector, thus it needs to be nurtured. There are currently two major attractions in the Newcastle Winter Festival and the Newcastle Air Show which generate millions every year (C. van der Vyver, Interview, July 2015). There has also been a high number of new Bed & Breakfast (B&B) facilities that have been established because of the increase in the tourism sector. Another recent addition to the tourism sector and economic development of Newcastle is, along with the airport development, the recently submitted application to the South African Civil Aviation Authority (SACAA) for the provision for air space near the airport to accommodate for a drone testing facility (F.Alberts, Interview, June 2015).

Although municipal planning has not been significant, the presence of the town planning department has not gone unseen as they participate in reactive planning. They take advantage of eager industrialists and the already growing economy of Newcastle to better manage the way in which development occurs. Important strategies in the LED strategy which seek to expand and further diversify the various economic sectors in the primary and secondary sectors is evidence of the intent of the municipality in engaging in forward planning. However, this is not proof of it. The municipality saw what has worked in the NM and chose to further intensify that development. With regards to the plans contribution to economic development, it appears that there is not much of a contribution. As mentioned in the previous section, it does not materialise into budgetary substance and thus shows lack of priority for economic development. The planning which the NM engaged in did ultimately have an impact on the economic development of Newcastle and although not the reason for initial economic growth, has perpetuated a culture of development in Newcastle which has been able to attract development locally and internationally. Planning by the NM did and continues to play a role in the facilitation of the future development which is proposed as a result of an investment attractive town. Since the shift of planning powers to local municipalities the NM has had an impact on economic development though I do not believe it has been significant.

5. Contribution of the Newcastle case to regional planning theory

5.1. Growth Pole theory

The growth pole theory was used by the South African government for the purpose of economic development. It was used through the RIDP and as a form of regional development that had economic development as the tool to further develop the regions. The growth pole theory had several assumptions which the case of Newcastle had tested.

- *Assumption 1: Increase the market size*

This assumption meant that it would become profitable for firms/factories to invest in the town. This was the case for Newcastle in the establishment of Iscor and other factories that came about after the selection of Newcastle as a Growth Point. The investment by the national government in new industries, and particularly investment in Iscor, induced investment in the stages of production (forward linkages) as well as created linkages in the stages of production leading up to the final product (backward linkage).

- *Assumption 2: For an economy to achieve higher income levels, the economy must initially develop within itself one or several regional centres for economic strength.*

This assumption says that an economy will not be able to support higher incomes unless it has developed so much that it is a regional centre and is strong enough to support that. The case of Newcastle has done this in the period post 2000 in which they have been able to supply for the demand of not only the residents of Newcastle but also for the residents outside of the urban centre of the NM.

- *Assumption 3: The need for simultaneous, coordinated investments in many sectors to get self-sustaining industrialisation*

The RIDP provided for incentives to industry in the manufacturing sector regardless of what it produced. However it ignored the other primary and tertiary sector. At the time of implementation of the growth pole concept policies this assumption did not play out as only the secondary sector was promoted and supported by the policy. This assumption asserts that there be investment in a variety of sectors to ensure that industries can sustain themselves. In Newcastle the diversification of the manufacturing sector can be said to be the “simultaneous, coordinated investment” in the sector that the assumption talks about.

- *Assumption 4: Diffusion of Innovation*

This assumption refers to the result of concentrated investment in an area developing enough until it can bring about ‘spill over’ growth into the outer areas or surrounding towns. The case of Newcastle

has done this in that outside rural areas within the NM and towns that surround the NM benefit from Newcastle's growth. However it should be mentioned that current national and provincial policy points to investment in areas that are already showing growth and potential (spatial targeting policy) as opposed to areas that are not. This in itself is supposed to encourage the towns that surround the growth pole to improve their infrastructure so as to receive investment. The identification of Newcastle in the provincial and national plans motivates the surrounding towns to improve their ability to receive investment.

5.2. Local Economic Development

- *Assumption 1: Local government and/or community groups manage their existing resources*

This assumption refers to the local communities or local government taking charge of the economic development of their regions. The building of the social and institutional networks in Newcastle has created an inductive environment for a factory to develop. The local government is in the best position to improve liveability and the local quality of life, industries and businesses tend to favour liveability as an essential factor for establishment. The NM, acting as a facilitator of development, has been effective in enabling an environment for the entry of new businesses in the economy with regards to the availability of land that is serviced or zoned for economic use.

- *Assumption 2: Endogenous development policies*

This assumption refers to the policies of the local government that are directed towards local economic development of Newcastle that use the local resources such as human capital and natural capital and local knowledge to develop infrastructure for the purpose of economic development in Newcastle. The case of Newcastle has shown that there has been interest in improving the social and economic infrastructure of the communities in the ESDR (Newcastle East). This is seen from the type, number and value of projects that have been developed and planned by the NM for the areas. Newcastle has the Amajuba FET College that is regionally superior with five campuses in the NM and has courses that cater for education for students to work in Newcastle and keep the knowledge locally. "The quality of an area's human resource base is a major inducement to all industries. If the local human resource base is substantial, new firms will be created by it irrespective of location..." (Blakely, 1989: 69-70). Investment of R10m on the Amajuba FET College (SDF, 2012) shows investment in human capital.

- *Assumption 3: Process oriented development*

What this assumption speaks to is that in LED the process involves the formation of new institutions, alternative industries, identification of new markets, knowledge transfer, nurturing of new businesses and enterprises and the ability to advance the existing employers to produce better goods (Blakely,

1989). With regards to the Newcastle case the LED processes are definitely in line with some of the abovementioned process such as alternative industries and identification of new markets – where the tertiary sector grew significantly to become the main employer compared to other sectors.

- *Assumption 4: Communities must put themselves in a position to market their resources*

This assumption appeals for communities to market what they have to offer intelligently and gain competitive advantages to create new firms and maintain their existing economic base (Blakely, 1989). The Newcastle case does this to a degree with the tourism sector. The existing Winter Festival and Air Show are examples of how the local government in partnership with the private investors and entrepreneurs are able to compete with other regions as they have a resource that other regions don't have. The inclusion of Newcastle in provincial plans being marked as an industrial hub means that national and international investors find it favourable to invest in Newcastle's industrial areas and thus makes the town more competitive with competition also existing within the town itself. "The cities of Newcastle...serve as important secondary nodes of industrial development potential" (PSDF, 2011: 17).

5.3. Spatial Targeting

Spatial targeting is a concept that is used in regional planning. It is about identifying areas of potential and injecting large amounts of investment in the hopes that it will thrive economically and subsequently socially. There have been many theories used as a way of implementing spatial targeting such as growth poles, spatial development initiatives, industrial development zones and many others.

Newcastle is included in provincial and national plans and is recognised as an industrial hub. The emergence of the industrial companies moving into Newcastle shows their confidence in the town's social, human and infrastructure capabilities to continue economic growth. Although Newcastle no longer receives money from government that is separate from the ordinary budgeting, the inclusion in the provincial SDFs allows for further investment to be attracted to an area with infrastructure that is prepared for it.

The following part of this chapter ties everything of this dissertation together with the setting out of the main findings, posing of recommendations and concludes with lessons learnt from the case of Newcastle

6. Main Findings

The argument by theorists, who have criticised the growth pole theory, that once incentives are removed the growth pole will fail is not necessarily accurate. The case of Newcastle shows that if there are other factors in place that contribute to economic development the growth pole can continue to

grow post-incentive removal. The initial successes of Newcastle are partly due to its location and resources. Once the incentives from national policy were removed due to various reasons there were other contributions to economic development such as the relationships with Asian (Taiwanese and Chinese) industrialists which led to a diverse manufacturing sector in Newcastle and confidence in the NM from the Asian industrialists. The industries in Newcastle largely developed through the intervention of growth pole policy. There was also to some degree the support of local planning through the facilitation of new industries and SMMEs. Along with that there was the emergence of LED strategies that worked towards strengthening the local economy. The establishment of Iscor created the initial boost and then the initial national incentives from policy did a great deal for the economic development of Newcastle. Without the national incentives the local planning support would have not been effective in the economic growth of Newcastle.

7. Recommendations

This section will provide recommendations arising from the case study of Newcastle but are not specific to the town. The recommendations are derived from generalizations that I make that can be applied to towns that have experienced economic decline due to the reliance on a single industry or powerful company. There are a number of practical recommendations that I make based on the findings of the case study.

(i) *Diversification of the Economy*

Local governments, headed by the Department of Economic Development, must make sure that the economy within the municipality is not reliant on a single industry. The local government should take measures to ensure that there is a diversity within sectors, specifically the largest contributing sector in the municipality. In regional planning the economic development policy should include strategies that not only cater for the creation of economic activity but should also include those that cater for the sustainability of the economy after there is growth. The relationships that the Newcastle local government had with foreign investors, based on personal relationships, had worked in the municipalities favour and added to the expansion and diversification of the economy. This is an avenue that local governments should not be afraid to pursue.

(ii) *Regional development policy aimed at the economically weaker towns should not be disregarded*

As a result of popular notions from authors to do away with policy that is aimed at weaker towns, planners have become reluctant to implement these policies. These policies should remain, and

should they not be modified, there should be strategies that support industries to adapt to economic change.

(iii) *Consistency of spatial planning documents*

Planners are the professionals when it comes to human settlement environments and activities and thus should be in the know of what is needed and should plan accordingly. The compilation of planning documents (such as SDFs, IDPs and LEDs) should not be done in isolation within the different departments of local government. The different documents must relate to one another with regards to statistics of demographics, economic activity and the achievement of main objectives. Therefore the needs can be identified properly and thus allocation within budgets can be accurately directed at the priorities of the municipality.

(iv) *Establishment of local networks*

There needs to be an establishment of local networks within the municipality. It can be in the form of chamber of commerce with which the local government can interact with frequently in order to collaborate and come up with solutions for creating a better economic environment. Another important network is that of the local communities so as to increase their social capital and ultimately their comparative advantage. Local government partnerships with local organizations allows for the parties involved to be in agreement of the vision for economic development which will culminate into social development. The nurturing of already established international relationships that are now within the local region as in Newcastle is important and need to be continually strengthened.

(v) *Local government must establish a good infrastructure*

This includes infrastructure that will foster local capital (education, social environment) as these are attractive to investors, and stable communities with potential is a favourable trait for a town. The responsibility should lie with the local government to ensure that there are enough schools and that they are at a good standard. Good educational infrastructure allows for the municipality to build social capital and enhance knowledge of the population and therefore contribute to economic development by putting that social capital to use. As mentioned earlier in this chapter the stable environments with growth potential attracts investors. Infrastructure planning is instrumental in promoting economic growth, the better the infrastructure is the more investors will be attracted to the town. Transportation, energy and telecommunications infrastructure provide better access to destinations, increased productivity and creation of jobs. A proactive approach must be undertaken towards community and stakeholder engagement as this will

ensure that all parties are kept informed of project development and any issues are expeditiously attended to.

8. Reflections and Lessons Learned

This section is a reflection on the contribution of the case of Newcastle and the lessons that I have learned from the experience. Having grown up in Newcastle I am attached to the town and I am invested in the town and at the same time I consider myself a product of the environment in Newcastle. Having said that the economic development in Newcastle has shown how resilient a town can be when faced with factors that cause other towns to collapse economically. Newcastle has experienced several rounds of economic restructuring which have been due to the implementation and removal of national incentives, the initiatives from the LED unit of the municipality as well as some local planning support which has been reactive at times. Newcastle also experienced a shift in growth in the tertiary economic sector, having been reliant on the secondary sector for economic strength.

As mentioned earlier a lot of the economic success Newcastle has experienced has occurred as a result of the establishment of Iscor. Iscor is an example of a propulsive industry that has been able to create backward and forward linkages and has assisted the growth of the local economy in Newcastle. I spoke in Chapter 5 of the challenges that Iscor went through by being susceptible to the international steel markets and having to size down labour. Despite this Newcastle has shown that when a propulsive industry declines, what is needed is the sufficient diversification of the economy. In this case it was the initial diversification of the manufacturing sector which at the time was the main economic sector.

As mentioned in Chapter 2, Moseley (1973) had set out several questions related to the literature about growth poles in which he dealt with confusion on terminology and meaning. Based on the questions that Moseley poses, the case of Newcastle certainly tests those questions, specifically that of what growth is being referred to, is it population or gross incomes? The case of Newcastle has shown growth in population which may have been a result of growing incomes. As a finding from my interviews I found out that the perception was that the increase in population was partly due to more skilled labour migrating to Newcastle with families (J. Shange, Interview, June 2015). Moseley also questions the timing of the growth – as in is a region a growth point because of its growth or projected growth? The case of Newcastle has shown that it is a growth point since the establishment of Iscor to the first time Newcastle became a regional service centre.

The approach taken by the apartheid national government to invest in regions outside of the developed regions was masked by the argument that economic development in less developed areas would

develop them, whereas it was actually a way of keeping the black Africans in the homelands as a source of labour and keep them away from moving into the urban areas. This was also the case in Newcastle where Madadeni and Osizweni (Newcastle east) were developed for the purpose of housing the labour that would work at Iscor (now Arcelor Mittal) which was situated nearer to those communities. This was not only an issue of environmental justice but also one of accessibility, as the Newcastle CBD (Newcastle West) was quite a distance away from the residents of areas of Madadeni and Osizweni.

I have learnt during this process that for a growth centre to be successful there are many factors that need to work together as opposed to reliance on one industry. Rather what is necessary is that from the establishment of the propulsive industry there must be forward and backward linkages that emerge. In a growth centre there must be different economic activities that occur that will allow the growth centre to be prosperous throughout the economic cycle. Meaning that when there is a decline globally/nationally or regionally in a particular industry or sector, there are other industries/sectors that can compensate for that loss or change in economic impact and prevent an economic collapse of the whole town.

The municipal planning documents of the NM say the right things with regards to forward planning for economic development however the budgets tell a story that economic development is not a main priority for the NM. The prioritisation of the NM shows that the NM relies on market forces and the private sector to be at the helm and deal with economic development.

Nevertheless, Newcastle has shown that given all the factors mentioned in this chapter, growth centres/spatially targeted development can work and become successful. So to conclude and reiterate the answer the main research question, planning in Newcastle by the municipality has had a hand in economic development but it would not have reached the level of growth that it has without the several impacts of national intervention.

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Mr C. Hill – Works Manager: Operations Metallurgy, ArcelorMittal, Newcastle Works, July 2015.

Mr C. van der Vyver – Director, Champs Marketing, July 2015.

Mr F. Alberts – Director of Economic Development in the Newcastle Local Municipality, July 2015.

Mr J. Shange – Amajuba Branch Manager, SEDA, June 2015.

Unnamed – Planning Official – Town Planning Department in the Newcastle Local Municipality, July 2015.

Mr P. Ntshingila – Technical Planner: Spatial Planning, Town Planning Department in the Newcastle Local Municipality, June 2015.

Mr R. Turner – Owner, Pikkies Structure Welding, July 2015.

Mrs S. Naidoo – Store Manager, Edgars Newcastle, July 2015.

Ms Z. van Zyl – HC Officer, Karbochem, June 2015.

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Appendix A

1. Interviewees

Respondents	Designation	Institution/Establishment
Alex Liu	Councillor/Clothing Industry Manager	Chinese Chamber/ Clothing Industrial
Anesh Thulasee	LED Specialist Officer	Newcastle Municipality
Colin Hill	Works Manager Operations	Arcelor Mittal
Christo van der Vyver	Director	Champs Marketing
Ferdie Alberts	Director: Economic Development	Newcastle Municipality
Justice Shange	Branch Manager: Amajuba	Small Enterprise Development Agency
	Planning Official	Newcastle Municipality
Phelelani Ntshingila	Technical Planner: Spatial Planning	Newcastle Municipality
Roger Turner	Owner	Metals Manufacturer
Subashnee Naidoo	Store Manager	Edgars Newcastle
Zelri van Zyl	HC Officer	Karbochem

2. Interview Questions

2.1. Municipality and Government Agencies Questions

1. In your opinion what is the significance of the Mining sector in the Newcastle economy?
2. In your opinion what is the significance of the Manufacturing sector in the Newcastle economy?
3. Has there been a decline in the industrial sector since the 1980's?
4. How did it decline?
5. How has the population of Newcastle grown/declined over the past 10 years and how has this been influenced by the local economy?
6. What was the role of your sphere of government (Municipality) in the economic development/restructuring of Newcastle?
7. What was the impact of the Regional Development Strategy of 1982?
8. What was the impact of the removal of incentives on the industrial sector in the 1990's in Newcastle?
9. How did/does the international economy impact on the economy of Newcastle?

10. Who/what were the key drivers of the economic diversification/restructuring of Newcastle?
11. How did the featuring of Newcastle in provincial and national plans shape the outcome of economic development? [1980 – 1990 and post 1994].
12. Are there any policies or spatial plans that have impacted on the survival/growth of Newcastle's economy?
13. Does Newcastle still feature in provincial and national plans and policies? And how?
14. To what extent is infrastructure planning informed by the main economic sectors of Newcastle?

General Questions

15. What is your general feeling of the performance of Newcastle's manufacturing sector?
16. What is your general feeling of performance of the Newcastle economy?
17. Do you have any suggestions for the stimulation of economic/industrial development in Newcastle?

2.2. Economic Sector Questions

Background Questions

1. What is the date of the company/organization establishment?
2. Was it established in Newcastle first, or did it relocate from elsewhere?
3. What is the service or product produced at this establishment?
4. What is the Parent company, if any, and is the establishment a franchise?

Location Decisions

5. What was the reason for choosing Newcastle as a location?
6. What are the Backward and Forward Linkages of the company in the Newcastle economy?
7. Do you see your long term future as remaining in Newcastle; what would you think of relocating elsewhere?
8. What is the size of the labor force and where does the labor force live?

Local Economy

9. In your opinion what is the significance of the Mining sector in the Newcastle economy?

10. In your opinion what is the significance of the Manufacturing sector in the Newcastle economy?
11. Has there been a decline in the industrial sector in Newcastle, and if so why?
12. How did it decline?
13. What has been the role of your sector (Municipality/Manufacturing/Service) in the economic development/restructuring of Newcastle?
14. How did/does the international economy impact on the economy of Newcastle?
15. Who/what were the key drivers of the economic diversification/restructuring of Newcastle? (Private sector/State) 1980 -1990 and post 1994?
16. To your understanding, the firms that still existed post-recession, how did they manage to survive?

State Related

17. What is the role of planning and municipal services in your industry/company?
18. Did the Regional Development Strategy of 1982 have any impact on your company?
19. Did you receive any incentives in the period from the 1980 - 1990, if so what were they?
20. What was the impact of the withdrawal of incentives in the early 1990's?
21. How did the featuring of Newcastle in provincial and national plans shape the outcome of economic development?
22. Does Newcastle still feature in provincial and national plans and policies?
23. Are there any policies or spatial plans that enabled/impacted on the survival of Newcastle's economy?

General Questions

24. What are the difficulties/advantages of operating in Newcastle?
25. What is your general feeling of the performance of Newcastle's manufacturing sector?
26. What is your general feeling of performance of the Newcastle economy?
27. Do you have any suggestions for the stimulation of economic/industrial development in Newcastle?

APPLICATION FORM

Please Note:


Any person planning to undertake research in the Faculty of Engineering and the Built Environment (EBE) at the University of Cape Town is required to complete this form **before** collecting or analysing data. The objective of submitting this application *prior* to embarking on research is to ensure that the highest ethical standards in research, conducted under the auspices of the EBE Faculty, are met. Please ensure that you have read, and understood the **EBE Ethics in Research Handbook** (available from the UCT EBE, Research Ethics website) prior to completing this application form: <http://www.ebe.uct.ac.za/usr/ebe/research/ethics.pdf>

APPLICANT'S DETAILS		
Name of principal researcher, student or external applicant		Lungelo Welisa Nkosi
Department		APG
Preferred email address of applicant:		lungelownkosi@gmail.com
If a Student	Your Degree: e.g., MSc, PhD, etc.,	MCRP
	Name of Supervisor (if supervised):	Prof. Vanessa Watson
If this is a research contract, indicate the source of funding/sponsorship		
Project Title		What are the spatial and/or economic factors that have contributed to the successful economic diversification in Newcastle?

I hereby undertake to carry out my research in such a way that:

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

SIGNED BY	Full name	Signed by candidate	Date
Principal Researcher/ Student/External applicant	Lungelo Welisa Nkosi	Signature Removed	9/6/2015

APPLICATION APPROVED BY	Full name	Signature	Date
Supervisor (where applicable)	Vanessa Watson	Signature Removed	9/6/2015
HOD (or delegated nominee) Final authority for all applicants who have answered NO to all questions in Section 1; and for all Undergraduate research (Including Honours).	Vanessa Watson		
Chair : Faculty EIR Committee For applicants other than undergraduate students who have answered YES to any of the above questions.	G. Sithole		17/07/2015



SCHOOL OF ARCHITECTURE, PLANNING AND GEOMATICS

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UNIVERSITY OF CAPE TOWN

June 2015

STATEMENT TO BE READ OUT TO AN INTERVIEWEE BY A STUDENT ABOUT TO UNDERTAKE AN INTERVIEW FOR THE PURPOSES OF A MASTERS DISSERTATION, AS A REQUEST FOR PERMISSION FOR THE NAME AND/OR IDENTITY OF THE INTERVIEWEE TO BE REVEALED IN THE DISSERTATION

For example: Your thesis would contain a statement such as: Mr Smith (Head of Spatial Planning at the Municipality of Cape Town), or even: Head of Spatial Planning at the Municipality of Cape Town, as this person would be easily identifiable. Amend the form as necessary.

A copy of the form can be given to the respondent if they request it.

MY NAME IS..... *LUNGELO WELISA NKOSI*.....AND I AM STUDYING CITY AND REGIONAL PLANNING AT THE UNIVERSITY OF CAPE TOWN.

I AM DOING RESEARCH ON *...the contributing factors for the successful economic diversification of Newcastle and whether planning had an impact on the economic development* AS PART OF MY MASTERS DISSERTATION AND I WOULD LIKE TO ASK YOU SOME QUESTIONS TO HELP ME WITH MY RESEARCH.

I WOULD LIKE TO USE YOUR NAME, DESIGNATION AND POSSIBLY DIRECT QUOTES IN MY DISSERTATION AS A SOURCE OF INFORMATION. PLEASE INDICATE YES OR NO BELOW TO GIVE OR WITHOLD YOUR PERMISSION FOR ME TO DO THIS.

YES I GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION / WORDS IN YOUR DISSERTATION

☐

NO I DO NOT GIVE PERMISSION FOR YOU TO USE MY NAME / DESIGNATION /WORDS IN YOUR DISSERTATION

☐

IF YOU WANT TO END THE INTERVIEW AT ANY POINT YOU ARE FREE TO DO SO.

MY SUPERVISOR IS Professor Vanessa Watson AND HIS/HER CONTACT DETAILS ARE: (021) 650 2360 or Vanessa.Watson@uct.ac.za

Signature and designation (interviewee)

Signature of student